

# **CITY OF uMHLATHUZE**



## **FINANCIAL STATEMENTS for the year ended 30 JUNE 2010**

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## STATEMENT OF THE MUNICIPAL MANAGERS RESPONSIBILITY

### **City of uMhlathuze ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

The uMhlathuze Municipality situated at 5 Mark Strasse, Richards Bay is a category B municipality, established in terms of section 12 (1) of the Municipal Structures Act, No 117 of 1998 and published in terms of Provincial Government Notice 346 on the 19 September 2000. The Local Government operations of the Municipality are assigned by section 156 and 229 of the South African Constitution and defined specifically in terms of 83 of the Municipal Structures Act.

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 66, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 20 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



**N.P. NHLEKO  
ACTING CITY MANAGER**

25/11/2010  
**DATE**

**CITY OF uMHLATHUZE**

**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2010**

	Notes	2010 R	RESTATED 2009 R
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net assets</b>		<b>3,718,006,667</b>	<b>3,833,165,141</b>
Housing Development Fund	1	59,082,968	57,423,540
Accumulated surplus		3,658,923,699	3,775,741,601
<b>Non-current liabilities</b>		<b>984,956,959</b>	<b>856,226,718</b>
Long-term liabilities	2	834,359,959	725,519,718
Post employment medical aid benefits	29	150,597,000	130,707,000
<b>Current liabilities</b>		<b>374,214,084</b>	<b>354,256,927</b>
Consumer deposits	3	30,550,391	31,221,776
Trade and other payables	4	212,987,087	207,595,981
Provisions	30	16,793,680	15,957,783
Unspent conditional grants and receipts	5	41,529,959	43,760,808
Current portion of long-term liabilities	2	72,352,967	55,720,579
<b>Total Net Assets and Liabilities</b>		<b>5,077,177,710</b>	<b>5,043,648,786</b>
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>4,780,469,947</b>	<b>4,709,439,261</b>
Property, plant and equipment	8	4,649,273,121	4,579,779,363
Investment property	10	123,601,788	123,764,086
Intangible assets	9	6,998,270	5,520,882
Non-current receivables	12	596,768	374,930
<b>Current assets</b>		<b>296,707,763</b>	<b>334,209,525</b>
Inventory	7	79,445,750	85,437,970
Trade and other receivables from exchanged transactions	11	128,510,329	95,808,222
Other receivables from non-exchanged transactions	13	8,155,251	16,379,199
VAT	6	19,962,672	20,397,021
Current portion of long-term receivables	12	391,916	759,234
Bank balances and cash	14	60,241,845	115,427,879
<b>Total Assets</b>		<b>5,077,177,710</b>	<b>5,043,648,786</b>

# CITY OF uMHLATHUZE

## STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010

	Notes	2010 R	RESTATED 2009 R
<b>REVENUE</b>			
Property rates	15	148,561,253	125,068,126
Property rates - interest charges		1,628,428	1,350,171
Service charges	16	787,972,288	632,066,077
Rental of facilities and equipment		11,180,820	9,903,793
Interest earned - external investments		3,844,950	16,614,284
Interest earned - outstanding debtors		424,381	579,085
Fines		2,833,876	3,685,080
Licences and permits		1,842,247	1,744,922
Income for agency services		4,237,976	3,762,297
Government grants and subsidies	17	236,022,744	168,234,221
Public contributions		175,374	6,446,427
Other income	18	50,917,408	25,139,322
Reduction in provision for bad debts	11	-	2,469,735
Gains on sale of land		56,578,934	15,486,317
Gains on disposal of property, plant and equipment		1,163,608	55,652
<b>Total Revenue</b>		<u>1,307,384,287</u>	<u>1,012,605,509</u>
<b>EXPENDITURE</b>			
Employee related costs	19	322,178,326	288,445,987
Remuneration of Councillors	20	14,016,382	13,213,127
Bad debts	11	227,463	-
Collection costs		49,079	28,758
Depreciation	8,10	263,449,206	235,531,155
Amortisation	9	2,465,060	1,369,758
Post employment benefits expenses	29	19,890,000	1,751,000
Conditional grant expenditure		4,274,401	3,452,005
Repairs and maintenance		32,279,914	70,095,397
Finance costs	21	83,082,037	68,252,938
Bulk purchases	22	531,622,735	387,375,087
Contracted services		87,911,873	84,578,378
Grants and subsidies paid	23	2,205,849	1,167,209
General expenses	34	58,890,433	77,054,009
<b>Total Expenditure</b>		<u>1,422,542,758</u>	<u>1,232,314,808</u>
<b>SURPLUS/(DEFICIT) FOR THE YEAR (Refer to statement of changes in net assets)</b>		<u>(115,158,471)</u>	<u>(219,709,299)</u>

Refer to Note 37 and Appendix E (1) for the comparison with the approved budget

**CITY OF uMHLATHUZE**

**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2010**

<b>2009</b>	<b>Housing Development Fund R</b>	<b>Self-Insurance Reserve R</b>	<b>Accumulated Surplus R</b>	<b>Total R</b>
Balance at 30 June 2008	57,821,456	320,422	1,434,495,803	1,492,637,681
Inventory land not brought in previous year			43,294,717	43,294,717
Investment land not brought into account previous year			20,824,944	20,824,944
Reversal of depreciation (capital under construction)			20,548	20,548
Restatement (defined benefit obligation)			(128,956,000)	(128,956,000)
Deemed cost of infrastructure assets			7,073,045,978	7,073,045,978
Accumulated depreciation on deemed cost of infrastructure assets			(4,713,570,351)	(4,713,570,351)
Restated balance	<b>57,821,456</b>	<b>320,422</b>	<b>3,729,155,639</b>	<b>3,787,297,517</b>
Surplus / (deficit) for the year			(70,693,097)	(70,693,097)
Contribution to Insurance Reserve		377,505	(377,505)	-
Insurance claims processed		(1,012,190)	1,012,190	-
Transfer from Housing Development Fund	(357,835)		357,835	-
Transfer Insurance reserve to Surplus		314,263	(314,263)	-
<b>Balance at 30 June 2009</b>	<b>57,463,621</b>	<b>-</b>	<b>3,659,140,800</b>	<b>3,716,604,421</b>
<b>2010</b>				
Balance at 30 June 2009	57,463,621	-	3,659,140,800	3,716,604,421
Investment land not brought into account previous year			46,102,000	46,102,000
Correction of transfer to the Housing Fund	(40,081)		40,081	
Inventory land not brought into account previous year			4,783,000	4,783,000
Reversal of over depreciation			389,759	389,759
Change in accounting estimate			204,713,876	204,713,876
Depreciation on deemed cost of infrastructure assets			(139,427,916)	(139,427,916)
Restated balance	<b>57,423,540</b>	<b>-</b>	<b>3,775,741,601</b>	<b>3,833,165,140</b>
Surplus / (deficit) for the year			(115,158,471)	(115,158,471)
Transfer to Housing Development Fund	1,659,427		(1,659,427)	-
<b>Balance at 30 June 2010</b>	<b>59,082,968</b>	<b>-</b>	<b>3,658,923,699</b>	<b>3,718,006,667</b>

# CITY OF uMHLATHUZE

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 R	2009 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from ratepayers, government and other		1,218,528,767	965,276,330
Cash paid to suppliers and employees		(1,040,507,883)	(845,080,183)
Cash generated from operations	24	178,020,884	120,196,147
Interest received		3,844,950	16,614,284
Interest paid		(83,082,037)	(68,252,938)
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>		<u>98,783,797</u>	<u>68,557,493</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(280,783,962)	(406,712,526)
Proceeds on disposal of property, plant and equipment		1,196,021	57,465
Decrease in non-current receivables		145,480	1,522,957
<b>NET CASH UTILISED FROM INVESTING ACTIVITIES</b>		<u>(279,442,461)</u>	<u>(405,132,104)</u>
<b>CASH FLOWS UTILISED FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		188,000,000	380,000,000
Repayment of borrowings		(62,527,370)	(24,389,610)
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>		<u>125,472,630</u>	<u>355,610,390</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		(55,186,034)	19,035,779
<b>Cash and cash equivalents at the beginning of the year</b>		115,427,879	96,392,101
<b>Cash and cash equivalents at the end of the year</b>	14	<u>60,241,845</u>	<u>115,427,879</u>

**CITY OF uMHLATHUZE**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010**

**1. BASIS OF PRESENTATION**

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention.

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The principal accounting policies adopted in the preparation of these annual financial statements are set out below:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 9	Revenue from Exchange Transactions
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after the Reporting Date
GRAP 16	Investment property
GRAP 17	Property, Plant and Equipment
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GAMAP 9	Paragraphs relating to Revenue from Non-Exchange Transactions
GRAP 100	Non-Current Assets Held for Sale and Discontinued Operations
GRAP 102	Intangible Assets
IPSAS 20	Related Party Disclosure
IPSAS 21	Impairment of Non Cash-Generating Assets
IFRS 7	Financial Instruments: Disclosures
IAS 19	Employee Benefits
IAS 32	Financial Instruments: Presentation
IAS 36	Impairment of Assets
IAS 39	Financial Instruments: Recognition and Measurement
IFRIC 4	Determining whether an arrangement contains a lease



**CITY OF uMHLATHUZE**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010 (continued)**

**2. PRESENTATION CURRENCY**

These annual financial statements are presented in South African Rand.

**3. GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on a going concern basis.

**4. OFFSETTING**

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

**5. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE**

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

- GRAP 18 Segment Reporting - issued March 2005
- GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers) - issued February 2008
- GRAP 24 Presentation of Budget Information in Financial Statements - issued November 2007
- GRAP 103 Heritage Assets - issued July 2008

Application of all of the above GRAP standards will be effective from a date to be announced by the Minister of Finance. This date is not currently available.

The following amendments to standards and interpretations have been issued but are not yet effective and have not been early adopted by the Municipality:

- IAS 19 Employee Benefits - effective 1 January 2009
- IFRIC 17 Distribution of Non-cash Assets to Owners - effective 1 July 2009
- IAS 39 Financial Instruments: Recognition and Measurement - portions of standard effective 1 July 2009

Management has considered all the of the above-mentioned GRAP standards issued but not yet effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the Municipality.

**CITY OF uMHLATHUZE**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010 (continued)**

**6. PROPERTY, PLANT AND EQUIPMENT**

**6.1 INITIAL RECOGNITION**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Property, plant and equipment are initially recognised at cost on its' acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of property, plant and equipment acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets is measured at its fair value. If the acquired item could not be measured at its fair value, its cost was measured at the carrying amount of the asset given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

**6.2 SUBSEQUENT MEASUREMENT**

Subsequent expenditure relating to property, plant and equipment is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it de-recognises the part of the asset being replaced and capitalises the new component.

Subsequently all property plant and equipment, are measured at cost (or deemed cost), less accumulated depreciation and accumulated impairment losses.

**CITY OF uMHLATHUZE**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010 (continued)**

**6.2 SUBSEQUENT MEASUREMENT (continued)**

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is included in surplus or deficit when the compensation becomes receivable.

**6.3 DEPRECIATION**

Land is not depreciated as it is regarded as having an infinite life. Depreciation on assets other than land is calculated on cost, using the straight-line method, to allocate their cost or revalued amounts to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the municipality. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciation rates are based on the following estimated useful lives.

Depreciation only commences when the asset is available for use, unless stated otherwise.

	<b>Years</b>		<b>Years</b>
<b>Infrastructure</b>		<b>Other</b>	
Roads and Paving	15-65	Buildings	30
Pedestrian Malls	30	Specialised vehicles	10
Electricity	20-30	Other vehicles	3-7
Water	15-65	Office equipment	3-5
Sewerage	15-50	Furniture and fittings	7
Housing	30	Watercraft	15
<b>Community</b>		Bins and containers	5-10
Buildings	30	Specialised plant and equipment	10-15
Recreational Facilities	20-30	Other items of plant and equipment	2-5
Security	5	Landfill sites	15

The assets residual values, estimated useful lives and depreciation method are reviewed annually, and adjusted retrospectively if appropriate, at each reporting date.

**7. LEASES**

**The Municipality as Lessee**

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liabilities are raised. The cost of the item of property, plant and equipment is depreciated at appropriate rates on the straight-line basis over its estimated useful life. Lease payments are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease expenses are recognised on a straight-line basis over the lease term.

**CITY OF uMHLATHUZE**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010 (continued)**

**7. LEASES (continued)**

**The Municipality as Lessor**

Amounts due from lessees under finance leases or instalment sale agreements are recorded as receivables at the amount of the Municipality's net investment in the leases. Finance lease or instalment sale income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Municipality's net investment outstanding in respect of the leases or instalment sale agreements.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

**8. IMPAIRMENT OF NON-FINANCIAL ASSETS**

**Impairment of Cash generating assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

Assets that are subject to amortisation are reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the carrying amount exceeds the recoverable amount.

The recoverable amount is the higher of the assets Fair Value less cost to sell, or its value in use.

**Impairment of Non-cash generating assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment.

Assets that are subject to amortisation are reviewed for impairment whenever events or circumstances indicate that the serviceable amount may not be recoverable.

An impairment loss is recognised for the amount by which the carrying amount exceeds the serviceable amount.

The serviceable amount is the higher of the assets Fair Value less cost to sell, or its value in use.

**9. INTANGIBLE ASSETS**

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Internally generated intangible assets are subject to strict recognition criteria before they are capitalised.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an intangible asset is amortised over the useful life of 3 years.

**CITY OF uMHLATHUZE**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010 (continued)**

**10. INVESTMENT PROPERTIES**

Investment property, which is property held to earn rental revenue or for capital appreciation, is, stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the straight-line method over the useful life of the property.

**11. INVENTORIES**

Consumable stores, raw materials, work-in-progress and finished goods and land held for sale are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the first-in, first-out method.

For the land component recognised in terms of GRAP 12 land is recognised at cost with the cost based on fair value at date of recognition. Assessing historical cost of land and then breaking it down into individual was impractical and inaccurate. The 2007/8 valuation of land in terms of the MPRA, which is very reliable, was used to determine cost.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values.

**12. REVENUE RECOGNITION**

**12.1 REVENUE FROM EXCHANGE TRANSACTIONS**

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue in the period of consumption. Where meters cannot be read during a particular month, they are provisionally billed with the necessary adjustments made in the month in which they were read. Revenue from the sale of electricity prepaid meter cards is deferred and recognised as revenue on the consumption basis, commencing on date of purchase.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied.

Service charges from sewerage are based on the water consumption on each developed property using the tariffs approved from Council and are levied monthly.

Interest and rentals are recognised on a time apportionment basis. Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariffs. This includes the issuing of licences and permits.

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

Revenue from the sale of goods is recognised when the risk is passed to the consumer.

Revenue from public contributions is recognised when all conditions associated with the contribution has been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment is brought into use. Where public contributions have been received but the municipality has not met the condition, a liability is recognised.

**CITY OF uMHLATHUZE**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010 (continued)**

**12.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS**

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received.

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are brought into use.

Contributed property, plant and equipment are recognised when such items or property, plant and equipment are brought into use. Revenue from the recovery of unauthorized, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

**13. CONDITIONAL GRANTS AND RECEIPTS**

Revenue received from conditional grants, donations and funding are recognised as revenue to the extent that the Municipality has complied with any of the criteria, conditions or obligations embodied in the agreement. To the extent that the criteria, conditions or obligations have not been met a liability is recognised.

**14. PROVISIONS**

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting sheet date and adjusted to reflect the current best estimate.

**15. HOUSING DEVELOPMENT FUND**

Housing selling schemes, both complete and in progress at 1 April 1998, were also transferred to the Housing Development Fund. All proceeds from housing developments, which include rental income and sales of houses, is paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund are used to finance housing developments within the municipal area.

**CITY OF uMHLATHUZE**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010 (continued)**

**16. RETIREMENT BENEFITS**

The Municipality provides post retirement medical aid benefits to retired employees. The entitlement to these benefits is usually conditional on the employee remaining in employment up to retirement age.

The Expected costs of these benefits are accrued of the period of employment. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of 10% of the value of the defined benefit obligation are charged or credited to income over the expected average remaining useful lives of the related employees.

The Defined benefit obligation are valued annually by independent qualified actuaries.

**17. BORROWING COSTS**

Borrowing costs incurred relating to qualifying assets and all other borrowing costs incurred were recognised as expenses in the Statement of Financial Performance in the previous financial year in accordance with the benchmark treatment in the old IAS 23, i.e. expensing all borrowing costs. The municipality capitalises borrowing costs incurred that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset only when the commencement date for capitalisation is on or after 1 July 2008, while all other borrowing costs incurred (including borrowing cost incurred on qualifying assets where the commencement date for capitalisation is prior to 1 July 2008) are recognised as an expense in the Statement of Financial Performance for the financial year ending 30 June 2010 in accordance with the requirements of GRAP 5 and ASB Directive 3.

It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established - the municipality expenses borrowing costs when it is inappropriate to capitalise it. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete.

**18. FINANCIAL INSTRUMENTS**

**18.1 INITIAL RECOGNITION**

Financial instruments are initially recognised at fair value.

**18.2 SUBSEQUENT MEASUREMENT**

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

**CITY OF uMHLATHUZE**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010 (continued)**

**18.2 SUBSEQUENT MEASUREMENT (continued)**

**18.2.1 INVESTMENTS**

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorized as either held-to-maturity where the criteria for that categorization are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

**18.2.2 TRADE AND OTHER RECEIVABLES**

Trade and other receivables are categorized as financial assets: loans and receivables and recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probabilities that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off.

**18.2.3 TRADE PAYABLES AND BORROWINGS**

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest. Amounts that are payable within 12 months from the reporting date are classified as current.

**18.2.4 CASH AND CASH EQUIVALENTS**

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdraft.

Bank overdrafts are recorded based on the facility used. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities.



**CITY OF uMHLATHUZE**  
**ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2010 (continued)**

**19. UNAUTHORISED EXPENDITURE**

Unauthorized expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003).

Unauthorized expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**20. IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**21. FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**22. COMPARATIVE INFORMATION**

**21.1 Current year comparatives:**

Budgeted amounts have been included in the annual financial statements for the current financial year only.

**21.2 Prior year comparatives:**

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

# CITY OF uMHLATHUZE

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
<b>1 HOUSING DEVELOPMENT FUND</b>		
The Housing Development Fund is represented by the following assets		
Fixed Assets	57,556,908	52,043,897
Bank and cash	6,245,433	17,020,085
Accumulated Surplus	(4,719,373)	(11,640,442)
<b>Total Housing Development Fund Assets and Liabilities</b>	<b>59,082,968</b>	<b>57,423,540</b>
<b>2 LONG-TERM LIABILITIES</b>		
Annuity Loans	906,712,926	781,240,297
Less: Current portion transferred to current liabilities	(72,352,967)	(55,720,579)
<b>Total External Loans</b>	<b>834,359,959</b>	<b>725,519,718</b>

Refer to Appendix A for more detail on long-term liabilities

**CITY OF uMHLATHUZE**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**2 LONG-TERM LIABILITIES (continued)**

**External Loans repayments- Future years**

	DBSA	DBSA	INCA	DBSA (EMP)	Standard Bank	Nedbank	INCA	DBSA	DBSA	DBSA	NEDBANK	Totals
	26,011,251	6,751,942	12,568,079	248,243	60,811,445	61,656,038	205,471,776	223,352,458	32,449,105	94,266,944	183,125,645	906,712,926
	12.00%	14.50%	13.95%	16.16%	8.75%	6.75%	8.75%	11.70%	6.75%	11.57%	11.26%	
2011	5,347,477	1,403,464	2,570,621	268,465	13,868,896	12,670,993	33,473,084	42,207,733	4,871,725	17,142,868	31,903,454	165,728,780
2012	5,347,477	1,403,464	2,570,621		13,868,896	12,670,993	33,473,084	42,207,733	4,871,725	17,142,868	31,903,454	165,460,315
2013	5,347,477	1,403,464	2,570,621		13,868,896	12,670,993	33,473,084	42,207,733	4,871,725	17,142,868	31,903,454	165,460,315
2014	5,347,477	1,403,464	2,570,621		13,868,896	12,670,993	33,473,084	42,207,733	4,871,725	17,142,868	31,903,454	165,460,315
2015	5,347,477	1,403,464	2,570,621		13,868,896	12,670,993	33,473,084	42,207,733	4,871,725	17,142,868	31,903,454	165,460,315
2016	5,347,477	1,403,464	2,570,621		6,934,448	6,335,496	33,473,084	42,207,733	4,871,725	17,142,868	31,903,454	152,190,370
2017	5,347,477	1,403,464	2,570,621				33,473,084	42,207,733	4,871,725	17,142,868	31,903,454	138,920,426
2018	5,347,477	1,403,464	2,570,621				33,473,084	42,207,733	4,871,725	17,142,868	31,903,454	138,920,426
2019			1,298,842				33,473,084	21,103,724	4,871,725	17,142,868	31,903,454	109,793,697
2020											15,951,727	15,951,727

**Disclosure about the Terms and Conditions of Financial Instruments - Borrowings**

Future payments are based on the balances at 30 June 2010

(i) The interest rate applicable to the Standard Bank and Nedbank loan is variable and yearly instalments are therefore subject to interest rate risk

(ii) Lease liability has been settled in full.

(iii) Yearly instalments payable bi-annually, consist of capital redemption and interest due and no other requirements are attached.

No early settlement options are profitable to Council

Conversion options are not applicable

There is no security given against the loans

Receipts or payments of the loans are in South African currency

**CITY OF uMHLATHUZE**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
<b>3 CONSUMER DEPOSITS</b>		
Electricity and Water	29,852,782	30,596,644
Other	697,609	625,133
<b>Total Deposits</b>	<b>30,550,391</b>	<b>31,221,776</b>
Guarantees held in lieu of Electricity and Water Deposits	<b>48,405,239</b>	<b>48,440,771</b>
<b>4 TRADE AND OTHER PAYABLES</b>		
Trade payables	57,343,132	48,297,418
Other payables	89,777,804	116,275,440
Retentions	32,910,492	24,651,718
Amounts Received in Advance	32,955,660	18,371,406
<b>Total Creditors</b>	<b>212,987,087</b>	<b>207,595,981</b>
<b>5 UNSPENT CONDITIONAL GRANTS AND RECEIPTS</b>		
<b>Conditional Grants from other spheres of Government</b>		
National Conditional Grants	3,063,701	3,965,802
Provincial Local Government Grants	1,012,164	772,974
Provincial Development Planning Grants	109,827	137,201
Provincial Housing Grants	6,180,262	13,735,275
Provincial Library Services Subsidies	156,064	278,279
Provincial Community Development Workers Programme	19,269	29,711
Provincial Department of Transport Subsidy	167,279	167,279
Department of Sport & Recreation	69,156	73,144
Department of Water Affairs (DWAf) Cleanest Town Award	41,519	69,228
Department of Water Affairs (DWAf) Water Services Programme	231,855	255,307
Department of Water Affairs (DWAf) Refurbishment Grant	3,743,670	5,329,040
Department of Water Affairs (DWAf) Institutional Support Programme Grant	283,578	283,578
Department of Water Affairs (DWAf) Water Conservation and Demand Management Grant	1,105,002	105,243
Department of Minerals and Energy	3,950,000	-
Department of Agriculture and Environmental Affairs	790,953	290,953
Municipal Infrastructure Grant (MIG)	20,439,959	18,100,061
uThungulu District Municipality Capacity Building Grant	134,652	130,977
uThungulu District Municipality Museum Operating Subsidy	31,049	36,756
	<b>41,529,959</b>	<b>43,760,808</b>

See Note 17 for reconciliation of grants from other spheres of government.

CITY OF uMHLATHUZE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
<b>6 VAT</b>		
Output Suspense	3,353,669	2,460,628
Input Suspense	(13,257,912)	(17,522,822)
Output Payable	(10,058,429)	(5,334,827)
<b>VAT (claimable)</b>	<b>(19,962,672)</b>	<b>(20,397,021)</b>

VAT is payable on the payment basis. Only once payment is made or received is VAT claimed or paid over to SARS. All VAT returns have been submitted by the due date throughout the year.

	2010 R	2009 R RESTATED
<b>7 INVENTORY</b>		
<b>Opening balance of inventories</b>	<b>85,437,970</b>	<b>118,659,009</b>
Consumable stores - at cost	12,868,949	10,057,955
Water - at cost	781,021	659,337
Land	71,788,000	107,941,717
<b>Additions</b>	<b>29,906,176</b>	<b>59,091,830</b>
Consumable stores	29,906,176	51,950,830
Land	-	7,141,000
<b>Issued (expensed)</b>	<b>35,810,574</b>	<b>92,168,995</b>
Consumable stores	28,341,574	48,874,278
Land	7,469,000	43,294,717
<b>Write-down to Net Replacement Value (NRV) or Net Replacement Cost (NRC):</b>	<b>29,723</b>	<b>265,556</b>
Consumable stores	29,723	265,556
<b>Closing balance of inventories</b>	<b>79,445,750</b>	<b>85,437,970</b>
Consumable stores - at cost	14,403,830	12,868,949
Water - at cost	722,920	781,021
Land	64,319,000	71,788,000

**CITY OF uMHLATHUZE**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**8 Property, Plant and Equipment**

**30 June 2010**

<b>Reconciliation Of Carrying Values</b>	<b>Land</b>	<b>Housing</b>	<b>Infrastructure</b>	<b>Community</b>	<b>Heritage</b>	<b>Other</b>	<b>Total</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>Carrying Values</b>							
<b>At 1 July 2009</b>	<b>559,339,950</b>	<b>52,043,897</b>	<b>3,578,818,034</b>	<b>154,479,853</b>	<b>49,502</b>	<b>235,048,127</b>	<b>4,579,779,363</b>
Cost	(94,205,857)	62,433,341	1,780,769,984	212,409,228	49,502	401,125,134	2,362,581,332
Revaluation	653,545,807	-	-	-	-	-	653,545,807
Deemed cost*			7,073,045,978				7,073,045,978
Accumulated Depreciation	-	(10,389,444)	(5,274,997,928)	(57,929,375)	-	(166,077,007)	(5,509,393,754)
Acquisitions	-	192,632	133,223,036	15,864,291	-	8,122,849	157,402,807
Capital under construction		10,855,837	90,908,645	1,358,690		16,315,535	119,438,707
Donated				56,466,566		-	56,466,566
Grant Given	(495,000)						(495,000)
Transfer from Investment Properties						14,700	14,700
Depreciation		(5,535,457)	(222,494,273)	(6,671,242)	-	(28,600,638)	(263,301,610)
Based on cost	-	(5,535,457)	(222,494,273)	(6,671,242)	-	(28,600,638)	(263,301,610)
Based on revaluation							-
Carrying Value Of Disposals	-		-	-	-	(32,412)	(32,412)
Cost	-		-			(4,242,990)	(4,242,990)
Revaluation							-
Accumulated Depreciation	-		-			4,210,578	4,210,578
<b>Carrying Values</b>							
<b>At 30 June 2010</b>	<b>558,844,950</b>	<b>57,556,908</b>	<b>3,580,455,442</b>	<b>221,498,158</b>	<b>49,502</b>	<b>230,868,161</b>	<b>4,649,273,121</b>
Cost	(94,205,857)	73,481,809	2,004,901,665	286,098,776	49,502	421,335,228	2,691,661,123
Revaluation	653,050,807						653,050,807
Deemed Cost*			7,073,045,978				7,073,045,978
Accumulated Depreciation		(15,924,901)	(5,497,492,201)	(64,600,617)	-	(190,467,067)	(5,768,484,786)
Cost	-	(15,924,901)	(5,497,492,201)	(64,600,617)	-	(190,467,067)	(5,768,484,786)
Revaluation	-		-	-	-	-	-

\* An amount of R 7 073 045 978 (deemed cost) and R4 713 570 351 (accumulated depreciation) were brought in for infrastructure assets that had zero carrying values but still in use and for which historical cost was unavailable as guided by Directive 7. This has been accounted for as prior year adjustment in terms of GRAP 3.

**CITY OF uMHLATHUZE**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**Property, Plant and Equipment (continued)**

**30 June 2009 (Restated)**

<b>Reconciliation Of Carrying Values</b>	<b>Land</b>	<b>Housing</b>	<b>Infrastructure</b>	<b>Community</b>	<b>Heritage</b>	<b>Other</b>	<b>Total</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>Carrying Values At 1 July 2008</b>	<b>561,694,800</b>	<b>52,471,142</b>	<b>3,512,270,400</b>	<b>121,269,861</b>	<b>49,502</b>	<b>156,701,531</b>	<b>4,404,457,236</b>
Cost	(94,209,007)	57,568,398	1,507,872,491	174,346,718	49,502	304,095,608	1,949,723,710
Revaluation	655,903,807	-					655,903,807
Deemed Cost*			7,073,045,978				7,073,045,978
Accumulated Depreciation	-	(5,097,256)	(5,068,648,069)	(53,076,857)	-	(147,394,077)	(5,274,216,259)
Acquisitions	3,150	4,864,943	272,897,493	16,783,728	-	97,163,211	391,712,525
Capital Under Construction			-	21,278,782	-	-	21,278,782
Donated						1,993	1,993
Transfer to Inventory	(2,358,000)						(2,358,000)
Depreciation	-	(5,292,188)	(206,349,859)	(4,852,520)	-	(18,816,793)	(235,311,360)
Based on cost	-	(5,292,188)	(206,349,859)	(4,852,520)	-	(18,816,793)	(235,311,360)
Based on revaluation							-
Carrying Value Of Disposals	-	-	-	-	-	(1,814)	(1,814)
Cost	-		-	-	-	(135,678)	(135,678)
Revaluation	-						-
Accumulated Depreciation	-		-	-	-	133,864	133,864
<b>Carrying Values At 30 June 2009</b>	<b>559,339,950</b>	<b>52,043,897</b>	<b>3,578,818,034</b>	<b>154,479,853</b>	<b>49,502</b>	<b>235,048,127</b>	<b>4,579,779,363</b>
Cost	(94,205,857)	62,433,341	1,780,769,984	212,409,228	49,502	401,125,134	2,362,581,332
Revaluation	653,545,807						653,545,807
Deemed Cost*			7,073,045,978				7,073,045,978
Accumulated Depreciation*		(10,389,444)	(5,274,997,928)	(57,929,375)	-	(166,077,007)	(5,509,393,754)
Cost	-	(10,389,444)	(5,274,997,928)	(57,929,375)	-	(166,077,007)	(5,509,393,754)

\* An amount of R 7 073 045 978 (deemed cost) and R4 713 570 351 (accumulated depreciation) were brought in for infrastructure assets that had zero carrying values but still in use and for which historical cost was unavailable as guided by Directive 7. This has been accounted for as prior year adjustment in terms of GRAP 3.

CITY OF uMHLATHUZE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

9 Intangible Asset

30 June 2010

Reconciliation Of Carrying Values	Total
	R
<b>Carrying Values</b>	
<b>At 1 July 2009</b>	<b>5,520,882</b>
Cost	13,138,086
Accumulated Amortisation	(7,617,204)
Acquisitions	699,600
Work in progress	3,242,848
Amortisation	(2,465,060)
<b>Carrying Values</b>	
<b>At 30 June 2010</b>	<b>6,998,270</b>
Cost	17,080,534
Accumulated Amortisation	(10,082,264)

30 June 2009

Reconciliation Of Carrying Values	Total
	R
<b>Carrying Values</b>	
<b>At 1 July 2008</b>	<b>6,890,640</b>
Cost	13,138,086
Accumulated Amortisation	(6,247,446)
Acquisitions	-
Amortisation	(1,369,758)
<b>Carrying Values</b>	
<b>At 30 June 2009</b>	<b>5,520,882</b>
Cost	13,138,086
Accumulated Amortisation	(7,617,204)



## CITY OF UMHLATHUZE

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

## 10 INVESTMENT PROPERTY

30 June 2010

TOWN	STAND NO	DEEDS NO	NAME	CARRYING VALUES AS AT 01 JULY 2009	COST	ACCUMULATED DEPRECIATION	TRANFER TO/ (FROM) INVESTMENTS	TRANSFER TO PPE	DEPRECIATION	CARRYING VALUES AS AT 30 JUNE 2010	COST	ACCUMULATED DEPRECIATION
RICHARDS BAY	33	T40385/2001	Harvey J R	1,500,000	1,500,000	-			-	1,500,000	1,500,000	-
EMPANGENI	45	T29874/1996	Zululand Built-It	-	-	-	1,000		-	1,000	1,000	-
EMPANGENI	56	T2643/1933	Manilall A	4,300,000	4,300,000	-			-	4,300,000	4,300,000	-
EMPANGENI	63	T2437/1970	Y S Cellular CC	2,000,000	2,000,000	-			-	2,000,000	2,000,000	-
RICHARDS BAY	67	T40386/2001	Van Rooyen K M	1,350,000	1,350,000	-			-	1,350,000	1,350,000	-
RICHARDS BAY	GV15825	T12114/1976	Richards Bay Airport Company (PTY) L	9,897,636	14,763,862	(4,866,226)		14,700	(116,418)	9,766,518	14,749,162	(4,982,644)
EMPANGENI	246	G93/1960	Emanzini Leisure Resort	1,100,000	1,100,000	-			-	1,100,000	1,100,000	-
RICHARDS BAY	617	T22887/2000	Meerensee Mall Scoonies Vier	3,695,846	6,663,646	(2,967,801)			(12,187)	3,683,658	6,663,646	(2,979,988)
RICHARDS BAY	620	T15638/1978	Schoonies Vier (PTY) LTD	4,500,000	4,500,000	-			-	4,500,000	4,500,000	-
NGWELEZANE	752	T64286/2000	Biyela A S	47,000	47,000	-			-	47,000	47,000	-
NSELENI	1,342	TG65440/2003	Gumede S M	40,000	40,000	-			-	40,000	40,000	-
EMPANGENI	2,015	T5367/1980	Mtshali D	680,000	680,000	-			-	680,000	680,000	-
RICHARDS BAY	2,305	G128/1973	Bundu Nursery	250,000	250,000	-			-	250,000	250,000	-
RICHARDS BAY	5,333	T14569/1979	Grindrod Terminals	9,000,000	9,000,000	-			-	9,000,000	9,000,000	-
RICHARDS BAY	5,333	T6915/1993	Benians B S Construction	1,000,000	1,000,000	-			-	1,000,000	1,000,000	-
RICHARDS BAY	5,333	T6915/1993	Benians B S Construction	700,000	700,000	-			-	700,000	700,000	-
RICHARDS BAY	5,333	T6915/1993	Lease Group 5 Civils	860,000	860,000	-			-	860,000	860,000	-
RICHARDS BAY	5,333	T6915/1993	Morganrite SA (PTY) LTD	180,000	180,000	-			-	180,000	180,000	-
RICHARDS BAY	5,333	T4097/2006	Lease Foskor (Gypsum Dam)	70,000	70,000	-			-	70,000	70,000	-
RICHARDS BAY	5,333	T4097/2006	Lease Foskor (Retention Dam)	250,000	250,000	-			-	250,000	250,000	-
RICHARDS BAY	5,333	T4097/2006	Lease Foskor (Conveyer Beld)	75,000	75,000	-			-	75,000	75,000	-
RICHARDS BAY	5,333	T4097/2006	Lease Foskor (Conveyer Beld)	500,000	500,000	-			-	500,000	500,000	-
RICHARDS BAY	5,333	T4097/2006	Waste Site	1,500,000	1,500,000	-			-	1,500,000	1,500,000	-
RICHARDS BAY	5,333	T19417/2001	Lease Grindrod Terminals	1,500,000	1,500,000	-			-	1,500,000	1,500,000	-
RICHARDS BAY	5,333	T19417/2001	Green Africa Nursery	150,000	150,000	-			-	150,000	150,000	-
RICHARDS BAY	5,333	T19417/2001	Ribeiro L M R	4,500,000	4,500,000	-			-	4,500,000	4,500,000	-
RICHARDS BAY	6,364	T4199/1980	Checkers	240,000	240,000	-			-	240,000	240,000	-
EMPANGENI	8,436	T37193/1995	Neliswa Eating House	6,100,000	6,100,000	-			-	6,100,000	6,100,000	-
RICHARDS BAY	9,893	T26939/1988	Naicker V	380,000	380,000	-			-	380,000	380,000	-
RICHARDS BAY	10,033	T28872/1991	LOT 11161 (PTY) LTD	530,000	530,000	-			-	530,000	530,000	-
RICHARDS BAY	11,376	T34219/1993	Pulp United (PTY) LTD	56,001,000	56,001,000	-	(1,000)		-	56,000,000	56,000,000	-
RICHARDS BAY	11,377	T21885/1993	Mantis Properties CC	1,600,000	1,600,000	-			-	1,600,000	1,600,000	-
RICHARDS BAY	2,627	T16212/1978	Ferreira M S	1,200,000	1,200,000	-			-	1,200,000	1,200,000	-
RICHARDS BAY	GV16990	T789/1999	Imvubu Lodge/River Rock	8,067,602	9,448,505	(1,380,903)			(18,991)	8,048,611	9,448,505	(1,399,894)
				<b>123,764,084</b>	<b>132,979,014</b>	<b>(9,214,930)</b>	<b>-</b>	<b>14,700</b>	<b>(147,596)</b>	<b>123,601,788</b>	<b>132,964,314</b>	<b>(9,362,525)</b>

## CITY OF uMHLATHUZE

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

## Investment Property (continued)

30 June 2009 (Restated)

TOWN	STAND NO	DEEDS NO	NAME	CARRYING VALUES AS AT 01 JULY 2008	COST	ACCUMULATED DEPRECIATION	INVESTMENT LAND RECOGNISED	DEPRECIATION	CARRYING VALUES AS AT 30 JUNE 2009	COST	ACCUMULATED DEPRECIATION
RICHARDS BAY	33	T40385/2001	Harvey J R	-	-	-	1,500,000	-	1,500,000	1,500,000	-
EMPANGENI	45	T29874/1996	Zululand Built-It	-	-	-	-	-	-	-	-
EMPANGENI	56	T2643/1933	Manilall A	-	-	-	4,300,000	-	4,300,000	4,300,000	-
EMPANGENI	63	T2437/1970	Y S Cellular CC	-	-	-	2,000,000	-	2,000,000	2,000,000	-
RICHARDS BAY	67	T40386/2001	Van Rooyen K M	-	-	-	1,350,000	-	1,350,000	1,350,000	-
RICHARDS BAY	GV15825	T12114/1976	Richards Bay Airport Company (PTY) LTD	10,014,053	14,763,862	(4,749,809)	-	(116,417)	9,897,636	14,763,862	(4,866,226)
EMPANGENI	246	G93/1960	Emanzini Leisure Resort	-	-	-	1,100,000	-	1,100,000	1,100,000	-
RICHARDS BAY	617	T22887/2000	Meerensee Mall Scoonies Vier	3,779,777	6,663,646	(2,883,869)	-	(83,931)	3,695,846	6,663,646	(2,967,800)
RICHARDS BAY	620	T15638/1978	Schoonies Vier (PTY) LTD	-	-	-	4,500,000	-	4,500,000	4,500,000	-
NGWELEZANE	752	T64286/2000	Biyela A S	-	-	-	47,000	-	47,000	47,000	-
NSELENI	1,342	TG65440/2003	Gumede S M	-	-	-	40,000	-	40,000	40,000	-
EMPANGENI	2,015	T5367/1980	Mtshali D	-	-	-	680,000	-	680,000	680,000	-
RICHARDS BAY	2,305	G128/1973	Bundu Nursery	-	-	-	250,000	-	250,000	250,000	-
RICHARDS BAY	5,333	T14569/1979	Grindrod Terminals	-	-	-	9,000,000	-	9,000,000	9,000,000	-
RICHARDS BAY	5,333	T6915/1993	Benians B S Construction	-	-	-	1,000,000	-	1,000,000	1,000,000	-
RICHARDS BAY	5,333	T6915/1993	Benians B S Construction	-	-	-	700,000	-	700,000	700,000	-
RICHARDS BAY	5,333	T6915/1993	Lease Group 5 Civils	-	-	-	860,000	-	860,000	860,000	-
RICHARDS BAY	5,333	T6915/1993	Morganrite SA (PTY) LTD	-	-	-	180,000	-	180,000	180,000	-
RICHARDS BAY	5,333	T4097/2006	Lease Foskor (Gypsum Dam)	-	-	-	70,000	-	70,000	70,000	-
RICHARDS BAY	5,333	T4097/2006	Lease Foskor (Retention Dam)	-	-	-	250,000	-	250,000	250,000	-
RICHARDS BAY	5,333	T4097/2006	Lease Foskor (Conveyer Belt)	-	-	-	75,000	-	75,000	75,000	-
RICHARDS BAY	5,333	T4097/2006	Lease Foskor (Conveyer Belt)	-	-	-	500,000	-	500,000	500,000	-
RICHARDS BAY	5,333	T4097/2006	Waste Site	-	-	-	1,500,000	-	1,500,000	1,500,000	-
RICHARDS BAY	5,333	T19417/2001	Lease Grindrod Terminals	-	-	-	1,500,000	-	1,500,000	1,500,000	-
RICHARDS BAY	5,333	T19417/2001	Green Africa Nursery	-	-	-	150,000	-	150,000	150,000	-
RICHARDS BAY	5,333	T19417/2001	Ribeiro L M R	-	-	-	4,500,000	-	4,500,000	4,500,000	-
RICHARDS BAY	6,364	T4199/1980	Checkers	-	-	-	240,000	-	240,000	240,000	-
EMPANGENI	8,436	T37193/1995	Neliswa Eating House	-	-	-	6,100,000	-	6,100,000	6,100,000	-
RICHARDS BAY	9,893	T26939/1988	Naicker V	-	-	-	380,000	-	380,000	380,000	-
RICHARDS BAY	10,033	T28872/1991	LOT 11161 (PTY) LTD	-	-	-	530,000	-	530,000	530,000	-
RICHARDS BAY	11,376	T34219/1993	Pulp United (PTY) LTD	56,001,000	56,001,000	-	-	-	56,001,000	56,001,000	-
RICHARDS BAY	11,377	T21885/1993	Mantis Properties CC	-	-	-	1,600,000	-	1,600,000	1,600,000	-
RICHARDS BAY	2,627	T16212/1978	Ferreira M S	-	-	-	1,200,000	-	1,200,000	1,200,000	-
RICHARDS BAY	GV16990	T789/1999	Imvubu Lodge/River Rock	8,087,049	9,448,505	(1,361,456)	-	(19,447)	8,067,603	9,448,505	(1,380,903)
				<b>77,881,880</b>	<b>86,877,014</b>	<b>(8,995,134)</b>	<b>46,102,000</b>	<b>(219,795)</b>	<b>123,764,086</b>	<b>132,979,014</b>	<b>(9,214,929)</b>

CITY OF uMHLATHUZE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

11 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

As at 30 June 2010

	R	R
Service Debtors		131,905,490
Rates		21,756,259
Electricity	23,821,082	
June consumption billed in July	47,286,141	71,107,223
Water	17,749,462	
June consumption billed in July	8,556,869	
June water surcharge billed in July	196,628	26,502,959
Sewerage	7,797,994	
Special Sewer charges	171,543	
June sewer surcharge billed in July	72,209	8,041,746
Refuse		4,497,303
Rental		3,714,275
Sundry		7,890,564
Gross Balance		143,510,329
Less: Provision for Bad Debts		(15,000,000)
Net Balance		128,510,329

As at 30 June 2009

Service Debtors		101,986,230
Rates		14,484,813
Electricity	18,744,491	
June consumption billed in July	38,654,598	57,399,089
Water	12,180,080	
June consumption billed in July	5,742,228	
June water surcharge billed in July	174,896	18,097,204
Sewerage	7,808,713	
Special Sewer charges	197,166	
June sewer surcharge billed in July	150,905	8,156,784
Refuse		3,848,340
Rental		2,371,882
Sundry		6,250,110
Gross Balance		110,608,222
Less: Provision for Bad Debts		(14,800,000)
Net Balance		95,808,222

CITY OF uMHLATHUZE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
<b>11 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS (Continued)</b>		
<b>Rates Ageing</b>		
Current (0 - 30) days	10,163,392	7,535,918
31 - 60 days	2,150,587	1,224,529
61- 90 days	863,920	807,291
91 - 120 days	747,789	333,404
121-360 days	4,971,075	2,761,617
361 + days	2,859,496	1,822,354
<b>Total</b>	<b>21,756,259</b>	<b>14,485,113</b>
<b>Electricity, Water, Sewerage and Refuse: Ageing</b>		
Current (0 - 30) days	94,146,216	73,305,568
31 - 60 days	2,665,059	2,021,379
61- 90 days	1,293,300	1,179,715
91 - 120 days	1,030,472	1,339,440
121-360 days	5,605,966	3,857,380
361+ days	5,408,218	5,797,935
<b>Total</b>	<b>110,149,231</b>	<b>87,501,417</b>
<b>Rental</b>		
Current (0 - 30) days	498,643	255,179
31 - 60 days	173,773	185,325
61- 90 days	152,296	130,172
91 - 120 days	150,933	124,667
121-360 days	934,621	701,139
361+ days	1,804,009	975,340
<b>Total</b>	<b>3,714,275</b>	<b>2,371,822</b>
<b>Sundry</b>		
Current (0 - 30) days	1,059,400	2,175,268
31 - 60 days	1,196,425	(212,141)
61- 90 days	196,086	132,066
91 - 120 days	164,966	-23,668
121-360 days	1,433,566	555,514
361+ days	3,840,121	3,623,070
<b>Total</b>	<b>7,890,564</b>	<b>6,250,109</b>
<b>IFRS 7 Disclosure</b>		
	2010 R	2009 R
Neither passed due nor impaired	114,559,098	88,740,269
Past due and impaired	15,000,000	14,800,000
Past due not impaired	13,951,232	7,067,953
	<b>143,510,329</b>	<b>110,608,222</b>

CITY OF uMHLATHUZE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

11 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS (Continued)

Summary of Debtors by Customer classification

	Domestic consumers R	Industry/ commercial R	Nat / Provincial Government R
<b>30 June 2010</b>			
Current (0 - 30) days	26,939,851	77,138,573	4,395,231
31 - 60 days	1,344,653	1,631,054	76,667
61- 90 days	1,191,489	1,065,570	80,945
91 - 120 days	1,115,592	853,154	51,037
121+days	14,534,977	9,144,152	3,947,383
Sub-total	45,126,562	89,832,504	8,551,264
Less provision for bad debt	(9,207,461)	(5,792,539)	-
<b>Total debtors by customer classification</b>	<b>35,919,101</b>	<b>84,039,965</b>	<b>8,551,264</b>
<b>30 June 2009</b>			
Current (0 - 30) days	18,970,586	45,611,953	11,290,002
31 - 60 days	1,788,636	1,801,734	912,570
61- 90 days	1,307,883	797,272	561,068
91 - 120 days	830,654	570,784	516,305
121+days	12,056,021	7,159,569	6,433,186
Sub-total	34,953,780	55,941,312	19,713,131
Less provision for bad debt	(9,285,643)	(5,514,357)	-
<b>Total debtors by customer classification</b>	<b>25,668,137</b>	<b>50,426,955</b>	<b>19,713,131</b>

	2010 R	2009 R
<b>Reconciliation of the bad debt provision</b>		
Balance at beginning of the year	14,800,000	17,400,000
Contributions to provision	227,463	(2,469,735)
Bad debts written off against provision	(27,463)	(130,265)
<b>Balance at end of year</b>	<b>15,000,000</b>	<b>14,800,000</b>

12 NON-CURRENT RECEIVABLES

Housing loans to Staff	325,535	343,609
Study loans	663,149	783,254
Bursaries	-	7,301
	988,684	1,134,164
Less: Current portion transferred to Current Assets	(391,916)	(759,234)
<b>Total Receivables</b>	<b>596,768</b>	<b>374,930</b>

Housing Loans, car loans and bursaries were made in terms of council policies on these schemes. No new housing or car loans have been granted since the effective implementation date of the Municipal Finance Management Act of 2003. There are no significant terms or conditions that will affect the timeous recovery of these amounts.

CITY OF uMHLATHUZE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
<b>13 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS</b>		
Payments made in advance	256,575	460,720
Other receivables	7,898,676	15,918,478
<b>Total Other Debtors</b>	<b>8,155,251</b>	<b>16,379,198</b>

**14 BANK, CASH AND OVERDRAFT BALANCES**

Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts

Bank balances and cash	60,241,845	115,427,879
<b>Total bank balances and cash</b>	<b>60,241,845</b>	<b>115,427,879</b>

**Bank accounts**

The municipality has the following bank accounts:

**Current Account (Primary Account)**

ABSA Bank - Richards Bay

Current /Cheque Account number 2150000028

Cash book balance at beginning of year	16,025,986	12,025,415
Cash book balance at end of year	4,146,118	16,025,986

Bank statement balance at beginning of year	16,279,815	11,894,025
Bank statement balance at end of year	4,126,202	16,279,815

**Deposit Account**

ABSA Bank - Richards Bay

Current/Deposit Account number 2150000095

Cash book balance at beginning of year	28,417,922	19,926,900
Cash book balance at end of year	2,436,117	28,417,922

Bank statement balance at beginning of year	25,351,662	18,102,648
Bank statement balance at end of year	50,000	25,351,662

**Hostel Account**

ABSA Bank - Richards Bay

Current/Deposit Account number 90 8291 6767

Cash book balance at beginning of year	18,424,804	16,725,502
Cash book balance at end of year	6,463,949	18,424,804

Bank statement balance at beginning of year	18,424,804	16,725,502
Bank statement balance at end of year	6,463,949	18,424,804

**CITY OF uMHLATHUZE**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	<b>2010</b>	<b>2009</b>
	<b>R</b>	<b>R</b>
<b>14 BANK, CASH AND OVERDRAFT BALANCES (continued)</b>		
<b>Housing Account - Brackenham</b>		
ABSA Bank - Richards Bay		
Current/Deposit Account number 91 2361 5121		
Cash book balance at beginning of year	3,840,230	3,486,049
Cash book balance at end of year	4,331,147	3,840,230
Bank statement balance at beginning of year	3,840,230	3,486,049
Bank statement balance at end of year	4,331,147	3,840,230
<b>Housing Account - Ngwelezane</b>		
ABSA Bank - Richards Bay		
Current /Cheque Account number 91 7137 3496		
Cash book balance at beginning of year	1,719,523	1,419,616
Cash book balance at end of year	1,822,445	1,719,523
Bank statement balance at beginning of year	1,719,523	1,419,616
Bank statement balance at end of year	1,822,445	1,719,523
<b>Housing Account - Pionierhof</b>		
ABSA Bank - Richards Bay		
Current/Deposit Account number 90 9224 7889		
Cash book balance at beginning of year	11,460,333	9,809,129
Cash book balance at end of year	91,841	11,460,333
Bank statement balance at beginning of year	11,460,333	9,809,129
Bank statement balance at end of year	91,841	11,460,333
<b>Conditional Grants</b>		
ABSA Bank - Richards Bay		
Current/Deposit Account number 91 7137 3917		
Cash book balance at beginning of year	35,505,732	20,517,523
Cash book balance at end of year	40,121,116	35,505,732
Bank statement balance at beginning of year	35,505,732	32,230,937
Bank statement balance at end of year	40,121,116	35,505,732
<b>Carnegie Funding - Libraries</b>		
ABSA Bank - Richards Bay		
Current/Deposit Account number 92 3367 4990		
Cash book balance at beginning of year	-	-
Cash book balance at end of year	795,262	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	795,262	-
<b>Petty Cash</b>		
Balance at beginning of year	33,350	32,950
Balance at end of year	33,850	33,350

CITY OF uMHLATHUZE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
<b>15 PROPERTY RATES</b>		
<b>Actual</b>		
Residential	54,204,377	47,262,041
Commercial	83,640,827	68,521,512
State	10,716,048	9,284,573
<b>Total Assessment Rates</b>	<b>148,561,253</b>	<b>125,068,126</b>
<b>Property Valuations</b>		
Residential	15,197,944,199	14,108,851,898
Commercial	9,116,344,000	8,982,094,700
State	2,212,926,900	2,424,496,900
Municipal	1,425,396,700	1,453,182,700
<b>Total Property Valuations</b>	<b>27,952,611,799</b>	<b>26,968,626,198</b>

The first valuation in terms of the Property Rates Act No 6 of 2004 came into effect on 01 July 2008. Valuations were performed on land and buildings together. Three supplementary valuations and objections in terms of the new Act were processed during the financial year. The following rate randage and ratio to residential tariff were applied:

<b>Predominant Use</b>	<b>Rate Randage</b>	<b>Ratio to Residential Tariff</b>
Residential Properties	0,00468	1:1
Business, Commercial and Industrial Properties and Agricultural Properties	0,00936	1:2
Agricultural Properties (business)	0,00117	1:0,25
State Trust land	0,00936	1:2
State Owned Properties	0,00468	1:1
Public Service Infrastructure	0,00117	1:0,25



# CITY OF uMHLATHUZE

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

### 15 PROPERTY RATES (continued)

Subject to the provisions contained in the Rate Policy and upon application the following rebates were applied:

Agricultural Properties - 5%  
Public Benefit Organisations - 100%  
Sporting Bodies - 100%  
Pensioners - R100 000 Valuation Reduction on primary developed property

In addition to the statutory R15 000 reduction in the valuation on residential properties, a further reduction of R85 000 of the valuation on all developed residential properties was made.

Rates are levied on a monthly basis but upon request can be levied annually. The final date for payment of rates that are levied on an annual basis, is 30 September of each year and 30 June for monthly rate payers. Interest of prime plus 1% per annum is levied on outstanding rates.

	2010 R	2009 R
<b>16 SERVICE CHARGES</b>		
Sale of electricity	591,913,146	456,454,558
Sale of water	110,469,209	92,439,949
Surcharge on water	3,610,954	4,754,329
Refuse removal	34,876,753	32,950,960
Sewerage and sanitation charges	47,102,226	45,466,281
<b>Total Service Charges</b>	<b>787,972,288</b>	<b>632,066,077</b>

An amount of R6 652 959.59 received in respect of prepaid electricity sales has been deferred and transferred to amounts received in advance.

### 17 GOVERNMENT GRANTS AND SUBSIDIES

Equitable Share	115,127,180	95,131,764
National Conditional Grants	2,052,101	2,439,537
Provincial Health Subsidies	4,348,000	5,107,500
Provincial Local Government Grants	760,810	1,207,810
Provincial Development Planning Grants	27,374	-
Provincial Housing Grants	8,376,146	5,003,437
Provincial Library Service Subsidies	482,215	854,260
Provincial Museum Services Subsidies	76,198	62,972
Provincial Community Development Workers Programme	10,442	1,224
Department of Sport and Recreation	4,006	876,051
Department of Water Affairs - Cleanest Town Award	27,709	1,279
Department of Water Affairs - Water Services Programme	23,452	-
Department of Water Affairs - Refurbishment Grant	1,585,370	848,960
Department of Water Affairs (DWAF) Water Conservation and Demand	241	357,957
Department of Water Affairs - Institutional Support Programme Grant	-	795,000
Department of Minerals and Energy	(1,421,437)	2,947,589
Municipal Infrastructure Grant (incl SMIF allocation)	45,940,948	44,190,470

# CITY OF uMHLATHUZE

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
<b>17 GOVERNMENT GRANTS AND SUBSIDIES (continued)</b>		
uThungulu District Municipality Environmental Health service	1,319,418	1,319,418
uThungulu District Municipality Capacity Building Grants	(3,675)	-
uThungulu District Municipality Management of Cemeteries	813,973	808,218
uThungulu District Municipality Museum Operating Subsidy	5,707	-
uThungulu District Municipality United Nations Development Programmes	-	1,993
uThungulu District Municipality Infrastructure Grant (2010 Stadium)	56,466,566	6,278,782
<b>Total Government Grants and Subsidies</b>	<b>58,601,989</b>	<b>8,408,411</b>

### 17.1 Equitable Share

In terms of the Constitution, this allocation is to provide for an equitable sharing of National Revenue. It is primarily for the provision of Basic Services

### 17.2 National Conditional Grants

Balance unspent at beginning of year	3,965,802	5,505,339
Current year receipts	1,150,000	900,000
Conditions met - transferred to revenue	(2,052,101)	(2,439,537)
Conditions still to be met - transferred to liabilities	<b>3,063,701</b>	<b>3,965,802</b>

National Conditional Grants are allocated in terms of the Division of Revenue Act. The Financial Management Grant is used to promote support reforms to financial management and the implementation of the Municipal Finance Management Act. The Restructuring Grant received in 2002, 2003, 2004 from National Treasury has been earmarked for certain projects that will improve the local economy. The Municipal Systems Improvement Grant is used to assist in building in-house capacity to perform their functions and stabilise institutional and governance systems as required in the Municipal Systems Act.

### 17.3 Provincial Health Subsidies

Balance unspent at beginning of year	-	-
Current year receipts	4,348,000	5,107,500
Conditions met - transferred to revenue	(4,348,000)	(5,107,500)
Conditions still to be met - transferred to liabilities	-	-

The municipality renders health services on behalf of the Provincial Government and is refunded approximately 35% of total expenditure incurred. This grant has been used exclusively to fund clinic services. The conditions of the grant have been met. There were no delay or withholding of the subsidy.

CITY OF uMHLATHUZE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
<b>17 GOVERNMENT GRANTS AND SUBSIDIES (continued)</b>		
<b>17.4 Provincial Local Government Grants</b>		
Balance unspent at beginning of year	772,974	1,980,784
Current year receipts	1,000,000	-
Conditions met - transferred to revenue	(760,810)	(1,207,810)
Conditions still to be met - transferred to liabilities	<u>1,012,164</u>	<u>772,974</u>

Provincial Local Government grants are used to implement, administrative and financial municipal framework and to provide a municipal infrastructure framework. The grants are spent in accordance with a business plan approved by the Provincial Government.

**17.5 Provincial Development Planning Grants**

Balance unspent at beginning of year	137,201	37,201
Current year receipts	-	100,000
Conditions met - transferred to revenue	(27,374)	-
Conditions still to be met - transferred to liabilities	<u>109,827</u>	<u>137,201</u>

Provincial Local Government grants are used to implement, administrative and financial municipal framework and to provide a municipal infrastructure framework. The grants are spent in accordance with a business plan approved by the Provincial Government.

**17.6 Provincial Housing Grants**

Balance unspent at beginning of year	13,735,275	16,699,285
Current year receipts	-	340,125
Conditions met - transferred to revenue	(8,376,146)	(5,003,437)
Interest Received	821,132	1,699,302
Conditions still to be met - transferred to liabilities	<u>6,180,261</u>	<u>13,735,275</u>

Provincial Housing grants were allocated to assist in the refurbishment of various hostels. The grants are spent in accordance with a business plan approved by the Provincial Government. Funds were also provided for the Municipality to implement the Enhanced Extended Discount Benefit Scheme. No funds have been withheld.

**CITY OF uMHLATHUZE**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
<b>17 GOVERNMENT GRANTS AND SUBSIDIES (continued)</b>		
<b>17.7 Provincial Library Services Subsidies</b>		
Balance unspent at beginning of year	278,279	411,998
Current year receipts	360,000	720,541
Conditions met - transferred to revenue	(482,215)	(854,260)
Conditions still to be met - transferred to liabilities	<u>156,064</u>	<u>278,279</u>

Provincial Library Grants were allocated to subsidise the purchase of equipment for various libraries. A subsidy was also received to assist in the construction of the Empangeni Library Study Hall. Funds were also provided to refurbish the old community hall at Felixton into a library. Further funding was also received for the installation of computer hardware and software for public internet access, the cost of the internet connectivity, furniture to house these computers and salaries for the employment of "cyber-cadets". The subsidies are spent in accordance with a business plan approved by the Provincial Government. No funds have been withheld.

**17.8 Provincial Museum Services Subsidies**

Balance unspent at beginning of year	-	-
Current year receipts	76,198	62,972
Conditions met - transferred to revenue	(76,198)	(62,972)
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>-</u>

Department of the Premier allocates a subsidy to assist in the daily running of the Empangeni Museum. No funds have been withheld.

**17.9 Provincial Community Development Workers Programme**

Balance unspent at beginning of year	29,711	30,935
Current year receipts	-	-
Conditions met - transferred to revenue	(10,442)	(1,224)
Conditions still to be met - transferred to liabilities	<u>19,269</u>	<u>29,711</u>

Department of Local Government and Traditional Affairs allocated funds to Council for the administration the Community Development Workers Programme. No funds have been withheld.

**17.10 Provincial Department of Transport Subsidy**

Balance unspent at beginning of year	167,279	167,279
Current year receipts	-	-
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities	<u>167,279</u>	<u>167,279</u>

Provincial Department of Transport provided for a subsidy for Pedestrian Safety Project. Provincial Department of Transport Subsidy for the reimbursement of expenses paid for the relocation of the Empangeni Licensing Offices. No funds have been withheld.

**CITY OF uMHLATHUZE**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	<b>2010</b>	<b>2009</b>
	<b>R</b>	<b>R</b>
<b>17 GOVERNMENT GRANTS AND SUBSIDIES (continued)</b>		
<b>17.11 Department of Water Affairs (DWAF) Cleanest Town Award</b>		
Balance unspent at beginning of year	69,228	70,507
Current year receipts	-	-
Conditions met - transferred to revenue	(27,709)	(1,279)
Conditions still to be met - transferred to liabilities	<u><b>41,519</b></u>	<u><b>69,228</b></u>

Department of Water Affairs Cleanest Town Award. Funds will be used on a recycling project. No funds have been withheld.

**17.12 Department of Water Affairs (DWAF) Water Services Programme**

Balance unspent at beginning of year	255,307	255,307
Current year receipts	-	-
Conditions met - transferred to revenue	(23,452)	-
Conditions still to be met - transferred to liabilities	<u><b>231,855</b></u>	<u><b>255,307</b></u>

Department of Water Affairs Sector Institutional Support and Capacity Building Initiatives in support of Water Services Authority and Water Service Provider functions. The grants are spent in accordance with an approved business proposal.

**17.13 Department of Water Affairs (DWAF) Refurbishment Grant**

Balance unspent at beginning of year	5,329,040	6,178,000
Current year receipts	-	-
Conditions met - transferred to revenue	(1,585,370)	(848,960)
Conditions still to be met - transferred to liabilities	<u><b>3,743,670</b></u>	<u><b>5,329,040</b></u>

Department of Water Affairs Refurbishment Grant and Subsidy for Water Services Works. The grant is spent in accordance with an approved business plan.

**CITY OF uMHLATHUZE**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
<b>17 GOVERNMENT GRANTS AND SUBSIDIES (continued)</b>		
<b>17.14 Department of Water Affairs (DWAF) Institutional Support Programme Grant</b>		
Balance unspent at beginning of year	283,578	1,078,578
Current year receipts	-	-
Conditions met - transferred to revenue	-	(795,000)
Conditions still to be met - transferred to liabilities	<u>283,578</u>	<u>283,578</u>

Department of Water Affairs Support Project Grant for Institutional Support and Capacity Building. The grant is spent in accordance with an approved business plan.

**17.15 Department of Water Affairs (DWAF) Water Conservation and Demand Management Grant**

Balance unspent at beginning of year	105,243	462,000
Current year receipts	1,000,000	1,200
Conditions met - transferred to revenue	(241)	(357,957)
Conditions still to be met - transferred to liabilities	<u>1,105,002</u>	<u>105,243</u>

Department of Water Affairs Water Conservation and Demand Management grant in support of capacity building and institutional support. The grant is spent in accordance with an approved business plan.

**17.16 Municipal Infrastructure Grant (MIG)**

Balance unspent at beginning of year	18,100,061	10,158,828
Current year receipts	70,448,000	52,131,703
Conditions met - transferred to revenue	(45,940,948)	(44,190,470)
Conditions met - transferred to own revenue (ex migvat)	(22,167,155)	-
Conditions still to be met - transferred to liabilities	<u>20,439,958</u>	<u>18,100,061</u>

This grant was used to construct water and sewerage infrastructure as part of the upgrading of informal settlement areas. No funds have been withheld.

**17.17 uThungulu District Municipality Environmental Health Costs**

Balance unspent at beginning of year	-	-
Current year receipts	1,319,418	1,319,418
Conditions met - transferred to revenue	(1,319,418)	(1,319,418)
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>-</u>

The function to provide environmental health services was transferred to the District Municipality. Council is still performing this function on behalf of the District Municipality. In terms of a service level agreement the District Municipality allocates a portion of their Equitable Share allocation.

**CITY OF uMHLATHUZE**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
<b>17 GOVERNMENT GRANTS AND SUBSIDIES (continued)</b>		
<b>17.18 uThungulu District Municipality Capacity Building Grant</b>		
Balance unspent at beginning of year	130,977	130,977
Current year receipts	-	-
Conditions met - transferred to revenue	3,675	-
Conditions still to be met - transferred to liabilities	<u>134,652</u>	<u>130,977</u>
uThungulu District Council allocated funds for capacity building grants. No funds have been withheld.		
<b>17.19 uThungulu District Municipality Administration of Regional Cemeteries</b>		
Balance unspent at beginning of year	-	-
Current year receipts	813,973	808,218
Conditions met - transferred to revenue	(813,973)	(808,218)
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>-</u>
Council administers the Regional Cemetery on behalf of uThungulu District Council in terms of a service level agreement. No funds have been withheld.		
<b>17.20 uThungulu District Municipality Museum Operating Subsidy</b>		
Balance unspent at beginning of year	36,756	36,756
Current year receipts	-	-
Conditions met - transferred to revenue	(5,707)	-
Conditions still to be met - transferred to liabilities	<u>31,049</u>	<u>36,756</u>
uThungulu District Council allocated a subsidy to assist in the daily running of the Empangeni Museum. No funds have been withheld.		
<b>17.21 uThungulu District Council Infrastructure Grant (2010 Stadium)</b>		
Balance unspent at beginning of year	-	-
Current year receipts	56,466,566	6,278,782
Conditions met - transferred to revenue	(56,466,566)	(6,278,782)
Conditions still to be met - transferred to liabilities	<u>-</u>	<u>-</u>
uThungulu District Council facilitated the construction of the 2010 Stadium.		

**CITY OF uMHLATHUZE**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
<b>17 GOVERNMENT GRANTS AND SUBSIDIES (continued)</b>		
<b>17.22 uThungulu District Council United Nations Development Programme fight against HIV/AIDS</b>		
Balance unspent at beginning of year	-	-
Current year receipts	-	1,993
Conditions met - transferred to revenue	-	(1,993)
Conditions still to be met - transferred to liabilities	-	-
	<u>-</u>	<u>-</u>
uThungulu District Council donated assets inherited from United Nations Development Programme.		
<b>17.23 Department of Agriculture and Environmental Affairs</b>		
Balance unspent at beginning of year	290,953	90,953
Current year receipts	500,000	200,000
Conditions met - transferred to revenue	-	-
Conditions still to be met - transferred to liabilities	<u>790,953</u>	<u>290,953</u>
Department of Agriculture and Environmental affairs provided a subsidy for a recycling project. The grants are spent in accordance with an approved business proposal.		
<b>17.24 Department of Minerals &amp; Energy</b>		
Balance unspent at beginning of year	-	326,152
Current year receipts	3,950,000	2,621,437
Conditions met - transferred to revenue	-	(2,947,589)
Conditions still to be met - transferred to liabilities	<u>3,950,000</u>	<u>-</u>
Department of Minerals and Energy in support of Electrification Projects. The grants are spent in accordance with an approved business proposal.		
<b>17.25 Department of Sport and Recreation</b>		
Balance unspent at beginning of year	73,144	-
Current year receipts	-	949,195
Conditions met - transferred to revenue	(4,006)	(876,051)
Conditions still to be met - transferred to liabilities	<u>69,138</u>	<u>73,144</u>
Funds were received for the upgrade of the Vulindlela Sports Facility. The grants are spent in accordance with an approved business proposal.		



**CITY OF uMHLATHUZE**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	<b>2010 R</b>	<b>2009 R</b>
<b>17 GOVERNMENT GRANTS AND SUBSIDIES (continued)</b>		
<b>17.26 Changes in levels of government grants</b>		
Based on the allocations set out in the Division of Revenue Act, (Act No.2 of 2007), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years. The Provincial Department of Health plans to take over the Municipal Primary Health care services. A Service Level Agreement has been signed with Province so that service delivery can be maintained.		
<b>18 OTHER INCOME</b>		
Building Plans	1,072,831	1,000,184
Extension Fees	11,672,888	11,090,077
Connection Fees	1,419,774	2,459,871
MIG Vat Revenue	22,167,156	-
Sundries	14,560,960	10,533,394
Stock Surplus	23,799	55,796
<b>Total Other Income</b>	<b>50,917,408</b>	<b>25,139,322</b>
<b>19 EMPLOYEE RELATED COSTS</b>		
Employee related costs - Salaries and Wages	199,529,837	173,057,041
Employee related costs - Contributions for UIF, pensions and medical aids	52,209,902	46,107,534
Travel, motor car, accommodation, subsistence and other allowances	34,039,275	31,069,891
Housing benefits and allowances	5,394,120	7,219,607
Overtime payments	25,242,488	24,131,247
Performance bonus	333,778	733,950
Leave Payments	7,622,908	6,753,654
Pensioners medical aid contributions	1,960,636	1,552,733
Less: Employee costs capitalised to Property, Plant and Equipment	(4,154,618)	(2,179,670)
<b>Total Employee Related Costs</b>	<b>322,178,326</b>	<b>288,445,987</b>
There were no advances to employees. Loans to employees are set out in note 13.		
<b>Remuneration of the Municipal Manager</b>		
Annual Remuneration (includes settlement arbitration award)	2,062,305	658,507
Performance Bonuses	82,110	117,938
Housing Subsidy	49,151	65,534
Travel Allowance	141,221	188,294
Contributions to UIF, Medical and Pension Funds	1,123	1,497
<b>Total</b>	<b>2,335,910</b>	<b>1,031,770</b>

**CITY OF uMHLATHUZE**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**19 EMPLOYEE RELATED COSTS (continued)**

**Remuneration of Senior Managers and Managers**

	<b>Deputy Municipal Manager R</b>	<b>Snr Manager Community Services R</b>	<b>Snr Manager Technical Services R</b>
<b>30 June 2010</b>			
Annual Remuneration	745,775	619,911	587,583
Annual Bonus	-	-	-
Entertainment	-	-	-
Performance Bonuses	-	-	-
Housing Subsidy	-	-	-
Travel Allowance	134,552	154,056	218,694
Contributions to UIF, Medical and Pension Funds	74,255	145,738	113,429
<b>Total</b>	<b>954,582</b>	<b>919,705</b>	<b>919,706</b>

	<b>Deputy Municipal Manager R</b>	<b>Snr Manager Community Services R</b>	<b>Snr Manager Technical Services R</b>
<b>30 June 2009</b>			
Annual Remuneration	451,985	138,000	49,167
Annual Bonus	-	-	-
Entertainment	-	-	-
Performance Bonuses	-	-	-
Housing Subsidy	-	-	-
Travel Allowance	81,546	38,514	11,158
Contributions to UIF, Medical and Pension Funds	45,094	29,641	8,393
<b>Total</b>	<b>578,625</b>	<b>206,155</b>	<b>68,718</b>

	<b>Snr Manager Financial Services R</b>	<b>Snr Manager Corporate Services R</b>	<b>Snr Manager City Development R</b>
<b>30 June 2010</b>			
Annual Remuneration	627,834	647,460	538,560
Annual Bonus	54,536	-	-
Entertainment	-	-	-
Performance Bonuses	-	-	65,867
Housing Subsidy	-	-	-
Travel Allowance	199,309	154,228	321,403
Contributions to UIF, Medical and Pension Funds	14,125	105,243	59,743
<b>Total</b>	<b>895,804</b>	<b>906,931</b>	<b>985,573</b>

Newly created positions. No comparative information

**CITY OF uMHLATHUZE**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**19 EMPLOYEE RELATED COSTS (continued)**

	<b>Manager Financial Services R</b>	<b>Manager Civil Engineering R</b>	<b>Manager Electrical Engineering R</b>
<b>30 June 2010</b>			
Annual Remuneration	47,307	528,000	450,151
Annual Bonus	-	-	-
Entertainment	-	-	-
Performance Bonuses	-	55,013	65,867
Housing Subsidy	-	-	57,118
Travel Allowance	17,145	236,500	230,642
Contributions to UIF, Medical and Pension Funds	-	133,542	91,623
<b>Total</b>	<b>64,452</b>	<b>953,055</b>	<b>895,401</b>

<b>30 June 2009</b>			
Annual Remuneration	177,662	649,834	407,376
Annual Bonus	-	-	-
Entertainment	-	-	-
Performance Bonuses	94,607	-	94,607
Housing Subsidy	25,274	-	50,547
Travel Allowance	150,289	239,860	194,075
Contributions to UIF, Medical and Pension Funds	13,473	186,878	81,396
<b>Total</b>	<b>461,305</b>	<b>1,076,572</b>	<b>828,001</b>

	<b>Manager Management Services R</b>	<b>Manager Corporate Services R</b>	<b>Manager City Development R</b>
<b>30 June 2010</b>			
Annual Remuneration	36,509	3,368	-
Annual Bonus	-	-	-
Entertainment	-	-	-
Performance Bonuses	-	-	-
Housing Subsidy	-	-	-
Travel Allowance	17,255	2,480	-
Contributions to UIF, Medical and Pension Funds	6,468	-	-
<b>Total</b>	<b>60,232</b>	<b>5,848</b>	<b>-</b>

<b>30 June 2009</b>			
Annual Remuneration	355,324	175,971	355,324
Annual Bonus	-	39,131	-
Entertainment	-	700	-
Performance Bonuses	-	90,696	94,607
Housing Subsidy	50,548	4,326	50,548
Travel Allowance	285,228	88,946	285,228
Contributions to UIF, Medical and Pension Funds	42,295	65,905	42,295
<b>Total</b>	<b>733,395</b>	<b>465,675</b>	<b>828,002</b>

**CITY OF uMHLATHUZE**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**19 EMPLOYEE RELATED COSTS (continued)**

	<b>Manager Facilitation and Marketing R</b>	<b>Manager Community Serv and Health R</b>	<b>Manager Parks, Sports and Recreation R</b>
<b>30 June 2010</b>			
Annual Remuneration	397,695	317,413	397,695
Annual Bonus	32,408	32,408	32,408
Entertainment	1,400	1,050	1,400
Performance Bonuses	66,591	-	64,197
Housing Subsidy	15,559	3,880	5,828
Travel Allowance	175,958	144,136	176,719
Contributions to UIF, Medical and Pension Funds	152,596	94,593	144,294
<b>Total</b>	<b>842,207</b>	<b>593,480</b>	<b>822,541</b>
<b>30 June 2009</b>			
Annual Remuneration	351,942	351,942	351,942
Annual Bonus	29,329	29,329	29,329
Entertainment	1,400	1,400	1,400
Performance Bonuses	94,715	55,320	91,460
Housing Subsidy	44,728	5,183	26,880
Travel Allowance	176,840	157,416	176,729
Contributions to UIF, Medical and Pension Funds	137,682	116,482	133,272
<b>Total</b>	<b>836,636</b>	<b>717,072</b>	<b>811,012</b>
	<b>Special Advisor Air Pollution R</b>		
<b>30 June 2010</b>			
Annual Remuneration	397,695		
Annual Bonus	32,408		
Entertainment	1,400		
Performance Bonuses	-		
Housing Subsidy	6,624		
Travel Allowance	196,337		
Contributions to UIF, Medical and Pension Funds	133,208		
<b>Total</b>	<b>767,672</b>		

**20 REMUNERATION OF COUNCILLORS**

	<b>2010 R</b>	<b>2009 R</b>
Mayor	539,254	504,126
Deputy Mayor	438,845	406,949
Speaker	438,834	406,781
Executive Committee Members	3,200,038	3,056,803
Councillors	8,159,783	7,672,705
Councillors pension contribution	1,239,628	1,165,763
<b>Total Councillors Remuneration</b>	<b>14,016,382</b>	<b>13,213,127</b>

The Speaker, Chief Whip and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council. The Mayor is also provided with a vehicle for business use at the cost of the Council.

**CITY OF uMHLATHUZE**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	2010 R	2009 R
<b>21 FINANCE COSTS</b>		
Long-term liabilities	83,082,037	68,252,938
<b>Total Interest on External Borrowings</b>	<b>83,082,037</b>	<b>68,252,938</b>
An amount of R4 688 589.60 relating to finance costs was capitalised to work in progress with 11.4% being the weighted average cost of funds borrowed by the municipality.		
<b>22 BULK PURCHASES</b>		
Electricity	487,932,120	347,371,879
Water	43,690,615	40,003,208
<b>Total Bulk Purchases</b>	<b>531,622,735</b>	<b>387,375,087</b>
<b>23 GRANTS AND SUBSIDIES PAID</b>		
Richards Bay Country Club	409,747	393,338
S P C A	261,500	245,500
uMhlathuze Tourism Association	282,433	329,009
Richards Bay Bowling Club	51,619	68,028
Zululand Expo	20,800	19,500
Sundries	67,294	111,834
Property Rates Relief	617,456	-
Suid-Afrikaanse Vrouefederasie (SAVF): Aged Care	495,000	-
<b>Total Grants and Subsidies</b>	<b>2,205,849</b>	<b>1,167,209</b>
<b>24 CASH GENERATED FROM OPERATIONS</b>		
Surplus/(Deficit) for the year	(115,158,471)	(219,709,299)
Adjustment for:		
Depreciation	263,449,206	86,125,193
Amortisation	2,465,060	1,369,758
Post employment benefit expenses	19,890,000	1,751,000
Other grants received (excluded as non cash)	(56,466,566)	(6,280,775)
(Gain)/Loss on disposal of property, plant and equipment	(1,163,608)	(55,652)
Grant in aid (exclude donated land as non cash)	495,000	-
Movement in bad debt provision	200,000	(2,600,000)
Investment income	(3,844,950)	(16,614,284)
Interest paid	83,082,037	68,252,938
<b>Operating surplus before working capital changes:</b>	<b>192,947,707</b>	<b>(87,761,121)</b>
(Increase)/ Decrease in inventories	5,992,220	40,362,040
(Increase) in debtors	(32,902,107)	(13,705,717)
Decrease/ (Increase) in other debtors	8,223,947	(7,796,754)
(Decrease)/ Increase/ in unspent conditional grants and receipts	(2,230,849)	139,929
(Decrease)/ Increase/ (Decrease) in creditors	6,227,003	50,154,043
(Increase)/ Decrease in VAT claimable	434,350	(10,186,309)
(Decrease) in consumer deposits	(671,385)	(415,927)
<b>Cash generated from operations</b>	<b>178,020,885</b>	<b>(29,209,815)</b>

# CITY OF uMHLATHUZE

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
<b>25 ELECTRICITY AND WATER LOSSES</b>		
		<b>RESTATED</b>
Water losses for the City of uMhlathuze calculated at a variable cost per kilolitre amounts to:		
Total Produced & Purchased (KL)	42,557,901	41,463,656
Total Sold (KL)	31,059,590	27,098,445
Water Loss in KL	11,498,311	14,365,211
% Loss	27.02%	34.65%
Variable Cost/Kl	R 0.92	R 0.87
Water loss in Rands	<b>10,578,446</b>	<b>12,497,734</b>
Losses can be accounted for primarily through: illegal connections, rural areas not yet connected to billing system and operational usage through new reticulation systems.		
Electricity losses for the City of uMhlathuze calculated at a unit cost per kilowatt amounts to:		
Total Purchased (KW)	1,590,907,358	1,480,177,802
Total Sold (KW)	1,510,517,045	1,399,986,614
Electricity Loss in KW	80,390,313	80,191,188
% Loss	5.05%	5.42%
Unit cost /KW	R 0.31	R 0.23
Electricity loss in Rands	<b>24,920,997</b>	<b>18,443,973</b>

## 26 ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT

### 26.1 Contributions to SALGA

Council subscriptions	1,214,664	1,250,923
Amount paid	<u>(1,214,664)</u>	<u>(1,250,923)</u>

### 26.2 Audit fees

Amount paid - current year	<u>1,914,807</u>	<u>1,521,228</u>
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### 26.3 PAYE and UIF

Opening balance	2,712,605	2,331,358
Current year payroll deductions	40,987,231	33,646,359
Amount paid - current year	(37,109,571)	(30,933,754)
Amount paid - previous year	<u>(2,712,605)</u>	<u>(2,331,358)</u>
<b>Balance unpaid (included in creditors)</b>	<b><u>3,877,660</u></b>	<b><u>2,712,605</u></b>

The balance represents June's contribution paid over in July.

CITY OF uMHLATHUZE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
<b>26 ADDITIONAL DISCLOSURE (continued)</b>		
<b>26.4 Pension and Medical Aid Deductions</b>		
Opening balance	3,347,354	3,248,282
Current year payroll deductions	76,308,159	65,562,508
Amount paid - current year	(72,443,176)	(62,215,154)
Amount paid - previous year	(3,347,354)	(3,248,282)
<b>Balance unpaid (included in creditors)</b>	<b>3,864,983</b>	<b>3,347,354</b>

The balance represents continued members contributions received in advance.

**26.5 Councillor's Arrear Consumer Accounts**

The following Councillors had arrear accounts outstanding for more than 90 days as at **30 June 2010**

	<b>Total</b>	<b>Outstanding Less Than 90 Days</b>	<b>Outstanding More Than 90 Days</b>
Councillor Gumede TN	676	310	366
Councillor Mnqayi MS	2,141	596	1,545
Councillor Mtshali D	11,202	8,127	3,075
Councillor Tshabalala NC	14	4	10
<b>Total Councillor Arrear Consumer Account</b>	<b>14,033</b>	<b>9,037</b>	<b>4,996</b>

**30 June 2009**

None	-	-	-
<b>Total Councillor Arrear Consumer Account</b>	<b>-</b>	<b>-</b>	<b>-</b>

During the year the following Councillor's had arrears accounts outstanding for more than 90 days. The following represents the highest amount outstanding:

	<b>Highest Amount Outstanding</b>	<b>Ageing</b>
<b>30 June 2010</b>		
Councillor Mtshali D	13,037	120 days
Councillor Gumede TN	592	120 days
Councillor Tshabalala NC	7	120 days
Councillor Ndlela W	894	120 days
Councillor Gumede TN	437	150 days
Councillor Mtshali D	15,737	180 days
Councillor Tshabalala NC	7	210 days

# CITY OF uMHLATHUZE

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
<b>26 ADDITIONAL DISCLOSURE (continued)</b>		
<b>30 June 2009</b>		
Councillor Mtshali D	1,169	120 days
Councillor Gumede TN	660	150 days
Councillor Mtshali D	15,015	150 days
<b>27 CAPITAL COMMITMENTS</b>		
Commitments in respect of capital expenditure:		
Approved and contracted for	140,418,182	278,161,232
Approved but not yet contracted for	94,409,218	311,934,468
<b>Total capital commitments</b>	<b>234,827,400</b>	<b>590,095,700</b>
This expenditure will be financed from:		
Internal Sources	8,903,900	324,746,800
External Loans	119,592,000	188,349,400
Grants	106,331,500	76,999,500
	<b>234,827,400</b>	<b>590,095,700</b>
<b>28 CONTINGENT LIABILITIES AND CONTRACTUAL OBLIGATIONS</b>		
Guarantees by City of uMhlathuze in respect of building society and commercial bank housing loans to officials.	<b>43,500</b>	<b>8,354</b>
Guarantee by City of uMhlathuze in respect of Postal services.	<b>200,000</b>	<b>200,000</b>
There is a dispute between the City of uMhlathuze and WJ Construction for the payment of repositioning of traffic signs and is currently being adjudicated by Mr Alan Parsons.		
A claim has been forwarded by a contractor Zamimpilo Projects who were appointed to construct pedestrian paving and walkways in the City of uMhlathuze. The contractor has not taken a stand in writing whether they are taking the adjudication or the arbitration route.		
<b>29 POST EMPLOYMENT MEDICAL BENEFITS</b>		
The Municipality operates on 5 accredited medical aid schemes, namely: Bonitas, Hosmed, Keyhealth, LA Health and Samwumed.		
Pensioners continue on the option they belonged to on the day of their retirement.		
The independant valuers, Alexander Forbes, carried out a statutory valuation for the year ended 30 June 2010.		
The principal actuarial assumptions used were as follows:		
Discount rate per annum	9%	9%
Health care cost inflation rate	8%	8%
Net effective discount rate	1%	1%
Benchmark inflation (equal to salary inflation)	8%	8%
Average retirement age	65	65
Proportion continuing membership at retirement	95%	95%
Proportion of retiring members who are married	90%	90%



**CITY OF uMHLATHUZE**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	<b>2010 R</b>	<b>2009 R</b>
<b>29 POST EMPLOYMENT MEDICAL BENEFITS (continued)</b>		
<b>The amounts recognised in the Statements of Financial Position were determined as follows:</b>		
Present Value of the obligation	150,597,000	130,707,000
Unrecognised actuarial gain / (loss)	-	-
Liability in the Balance Sheet	<b>150,597,000</b>	<b>130,707,000</b>
<b>Movements in the defined benefit obligation is as follows:</b>		
Balance at the beginning of the year	130,707,000	128,956,000
Current service cost	10,291,000	11,538,000
Interest cost	12,285,000	13,730,000
Benefits paid	(2,686,000)	(2,466,000)
Actuarial (gain) loss on obligation	-	(21,051,000)
	<b>150,597,000</b>	<b>130,707,000</b>
<b>The amounts recognised in the Statement of Financial Performance were as follows:</b>		
Current service cost	10,291,000	11,538,000
Interest cost	12,285,000	13,730,000
Actuarial gain loss recognised during the year	-	(21,051,000)
Benefit paid	(2,686,000)	(2,466,000)
Net amount recognised in the Statement of Financial Performance	<b>19,890,000</b>	<b>1,751,000</b>
<b>30 PROVISIONS</b>		
Staff leave	9,561,973	9,196,951
Staff Bonuses	7,231,707	6,760,832
	<b>16,793,680</b>	<b>15,957,783</b>
<b>31 EVENTS AFTER THE REPORTING DATE</b>		
No material facts and circumstances have occurred between the accounting date and the date of this report that would have an impact on the financial statements.		

# CITY OF uMHLATHUZE

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
<b>32 PRIOR PERIOD ADJUSTMENT</b>		
<b>Restatement of Employee Related Costs</b>		
Employee related costs have been adjusted to include the travelling claims and pensioners medical contributions which were previously disclosed under general expenses.		
The impact of this adjustment is as follows:		
Amount as previously stated in the Financial statements	280,327,309	
Travelling claims previously shown under general expenses	6,565,945	
Pensioners medical contributions	1,552,733	
<b>Restated Employee Related Costs at 30 June 2009</b>	<b>288,445,987</b>	
<b>Restatement of Remuneration of Councillors</b>		
Remuneration of Councillors have been adjusted to exclude an amount for subsistence and travelling which should have been disclosed under general expenses.		
The impact of this adjustment is as follows:		
Amount as previously stated in the Financial statements	13,214,416	
Subsistence & travelling incorrectly allocated	(1,289)	
<b>Restated Councillors Remuneration at 30 June 2009</b>	<b>13,213,127</b>	
<b>Restatement of the Housing Development Fund</b>		
During the year, the municipality discovered that the Housing Development Fund was overstated and Accumulated surplus understated as result of an extra transfer to the Housing Fund.		
The impact of this adjustment is as follows:		
Balance as previously stated in the Financial statements	57,463,621	
Amount transferred to accumulated surplus	(40,081)	
<b>Restated Balance at 30 June 2009</b>	<b>57,423,540</b>	
<b>Restatement of Investment property (Cost)</b>		
During the year, the municipality discovered investment property previously not accounted for in the accounting records.		
Balance as previously stated in the Financial statements	86,877,014	
Investment land not previously recognised	46,102,000	
<b>Restated Investment Property at 30 June 2009</b>	<b>132,979,014</b>	
<b>Restatement of Property, plant and equipment ( Accumulated Depreciation)</b>		
During the year, the municipality discovered depreciation in the prior year was overcharged .		
The impact of this adjustment is as follows:		
Balance as previously stated in the Financial statements	861,499,122	
Reversal of depreciation	(389,759)	
Reversal of depreciation for assets with reviewed useful lives	(204,713,876)	
<b>Restated Balance at 30 June 2009</b>	<b>656,395,487</b>	

CITY OF uMHLATHUZE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 R	2009 R
<b>32 PRIOR PERIOD ADJUSTMENT (continued)</b>		
<b>Restatement of Inventory Land</b>		
During the year, the municipality discovered inventory land previously not accounted for in the accounting records and also inventory land available for sale accounted under property, plant and equipment (land).		
The impact of this error is as follows:		
Balance as previously stated in the Financial statements		64,647,000
Inventory land not previously recognised		4,783,000
Transfer from property, plant and equipment (land)		2,358,000
<b>Restated Inventory Land at 30 June 2009</b>		<b>71,788,000</b>
<b>Restatement of Property, plant and equipment</b>		
Balance as previously stated in the Financial statements		2,156,986,017
Transfer to Inventory land		(2,358,000)
<b>Restated Property, plant and equipment at 30 June 2009</b>		<b>2,154,628,017</b>
<b>Restatement of Accumulated Surplus</b>		
Balance as previously stated in the Financial statements		1,299,665,173
Amount transferred from housing development fund		40,081
Investment land not previously recognised		46,102,000
Inventory land not previously recognised		4,783,000
Correction of depreciation		389,759
<b>Restated Accumulated Surplus Balance at 30 June 2009</b>		<b>1,350,980,013</b>
<b>Restatement of Contracted Services</b>		
During the year the Municipality discovered that some services which are contracted were disclosed under general expenses instead of contracted services.		
The impact of this adjustment is as follows:		
Amount as previously shown in the Financial Statements		64,627,409
Cleaning Services		1,408,049
Consultancy Fees		7,032,705
Meter Reading		4,554,329
Sewerage/Waste Disposal		6,955,886
<b>Restated Contracted Services at 30 June 2009</b>		<b>84,578,378</b>

**CITY OF uMHLATHUZE**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

	<b>2010</b>	<b>2009</b>
	<b>R</b>	<b>R</b>

**32 PRIOR PERIOD ADJUSTMENT (continued)**

**Restatement of General Expenses**

Amount as previously stated in the Financial Statements	105,122,369
Travelling claims now shown under employee related costs	(6,565,945)
Pensioners medical contributions	(1,552,733)
Subsistence and travelling incorrectly allocated to Councillors Remuneration	1,289
Cleaning Services	(1,408,049)
Consultancy Fees	(7,032,705)
Meter Reading	(4,554,329)
Sewerage/Waste Disposal	(6,955,886)

**Restated General Expenses at 30 June 2009**

**77,054,011**

**33 CHANGE IN ACCOUNTING ESTIMATE**

A change in the estimated useful live of infrastructure assets with zero carrying values has resulted in the following change in depreciation and accumulated depreciation:

Accumulated Depreciation on infrastructure assets according to initial estimated useful life	626,825,847
According to re-estimated useful life	<u>422,111,971</u>
Depreciation reversed	<u>204,713,876</u>

Additional depreciation provided on infrastructure provided

11,385,261

**34 DEVIATIONS FROM PROCUREMENT PROCESSES**

Section 37(2) of Supply Chain Management Policy has been complied with.

**35 GENERAL EXPENSES**

Included as part of general expenses are the following:

Uniforms	1,728,694	1,807,056
Bursaries	1,502,888	1,479,727
Community facilitation	1,235,300	2,191,048
External audit fees	1,914,807	1,521,228
Fuel and oil	8,705,770	9,100,751
Insurances	4,359,083	3,075,080
Indigent services rendered	5,145,962	7,400,646
Legal fees	3,049,180	1,379,539
Membership fees	1,348,468	1,584,843
Postage	1,037,577	1,063,195
Printing and Stationery	1,984,059	3,391,746
Programming material	3,797,576	3,497,210
Publicity	1,109,552	1,172,867
Rent equipment and vehicles	1,672,603	2,587,490
Waste disposal	1,793,726	-
Skills levy	2,759,714	2,323,081
Telephone	2,544,349	2,302,165
Training external	104,942	2,212,173
Environmental projects	475,949	1,539,307
Research fund	860,782	2,407,159
Sport development	830,237	1,748,061
Marketing projects and social development	349,332	1,908,845
Stores and materials	918,560	2,117,744
Subsistence and travelling	617,357	2,081,140
Sundries	9,043,967	17,161,908
<b>Total</b>	<b><u>58,890,433</u></b>	<b><u>77,054,009</u></b>

**CITY OF uMHLATHUZE**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**36 RELATED PARTY TRANSACTIONS**

<b>36.1 MOTOR VEHICLE LOANS</b>			<b>BALANCE 30/06/2009</b>	<b>2009/2010 INTEREST</b>	<b>2009/2010 REPAYMENT</b>	<b>BALANCE 30/06/2010</b>
van Roojen	M	Dep PSD	7,300.60	81.73	7,382.33	-
			<b>7,300.60</b>	<b>81.73</b>	<b>7,382.33</b>	<b>-</b>

**36.2 KEY PERSONNEL EMPLOYEE BENEFIT**

		<b>BENEFIT R</b>	<b>THIRD PARTY TRANSACTION R</b>
Heyneke	AW	2,335,909.66	7,976.09
Nhleko	NP	954,582.24	-
Sibeko	NJ	919,705.35	15,765.86
Mdakane	S	919,705.35	4,439.76
Khoza	EL	985,572.39	12,821.75
Kunene	M	895,803.58	8,388.34
Ndlovu	MBT	906,930.36	4,826.38
Baker	DL	895,401.07	7,934.86
Naidoo	JK	953,054.82	-
Oliphant	MT	54,384.38	-
Phillips	F	767,672.23	14,139.50
Dladla	HR	711,422.29	-
van Biljon	EH	822,542.11	9,420.01
Odendaal	P E	842,206.81	11,535.80
Volschenk	PN	154,950.90	1,546.52
Nel	MJ	646,936.87	8,857.60
Moss	AF	582,827.71	15,576.98
Mulder	OJH	652,177.11	29,516.53
van Roojen	M	654,436.36	11,399.97
Pullen	WNS	618,967.98	19,890.85
Koekemoer	CM	657,398.40	9,813.36
Mathenjwa	CM	604,600.31	-
Mbatha	SM	603,171.41	5,786.28
Vumba	AP	504,489.09	6,943.90
Renald	H D	600,455.47	8,245.09
Angell-Schau	D L	251,107.86	3,539.71
Cronje	G P	650,226.31	5,571.91
Schutte	J J	654,293.79	8,127.98
Oliver	PM	509,386.50	-
Poswa	ZN	47,676.69	4,734.70
Francis	T E	258,711.14	2,980.68
Hlela	SN	629,521.15	5,632.73
Ngidi	PD	595,927.47	4,354.49
Ngwira	SN	90,085.03	-
Mbhamali	BS	590,578.95	7,342.91
Hariparsad	S	110,694.62	-
Buthelezi	L	185,598.31	-

**CITY OF uMHLATHUZE**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**36 RELATED PARTY TRANSACTIONS (continued)**

**36.2 KEY PERSONNEL EMPLOYEE BENEFIT**

		<b>BENEFIT</b>	<b>THIRD PARTY TRANSACTION</b>
		<b>R</b>	<b>R</b>
Marais	RM	619,953.42	5,247.49
Makhubu	GG	231,554.21	-
Kanyile	B	599,882.70	-
Jordan	T	450,576.17	-
Khumalo	RB	99,084.56	-
		<b>25,820,163.13</b>	<b>262,358.03</b>

**36.3 COUNCILLORS**

		<b>BENEFIT</b>	<b>THIRD PARTY TRANSACTION</b>
		<b>R</b>	<b>R</b>
Mnqayi	AZ	593,375.00	6,124.47
Mbatha	EF	478,120.00	11,433.77
Madlopha	CQ	478,120.00	4,046.45
Harvey	JR	449,305.00	103,610.24
Lourens	M	449,305.00	7,053.56
Mbanjwa	NC	449,305.00	9,395.72
Donda (DR)	NG	380,837.00	-
Mzimela	NB	449,305.00	-
Nxumalo	DA	449,305.00	3,130.01
van Zyl	JL	449,305.00	-
Zikhali	RM	449,305.00	-
Bissoondial	R	183,549.00	-
Buthelezi	MJ	183,549.00	-
Calitz	CF	183,549.00	13,758.60
Cele	NR	183,549.00	2,543.83
Dawood	AS	183,549.00	2,138.40
Dube	EJB	183,549.00	155.58
Fourie	LCM	183,549.00	21,663.59
Fourie (Jnr)	LW	183,549.00	-
Gumbi	NV	183,549.00	2,913.55
Gumede	T N	183,549.00	3,892.28
Gumede	BD	183,549.00	-
Herbert	DM	183,549.00	-
Hlophe	NS	183,549.00	-
Khoza	FG	183,549.00	-
Khuboni	AP	183,549.00	-
Khumalo	LM	183,549.00	-
Madonsela	NE	183,549.00	-
Makatini	MT	183,549.00	-
Mbatha	PT	183,549.00	-
Mbokazi	MM	183,549.00	4,347.08
Mkhize	SG	183,549.00	5,767.86
Mlaba	N	181,082.00	-
Mngomezulu	LP	183,549.00	1,668.43
Mnqayi	MS	183,549.00	-
Mpungose	VRT	183,549.00	-
Mthembu	AH	183,549.00	2,618.75
Mthembu	BM	183,549.00	-
Mthembu	BC	183,549.00	2,418.76

CITY OF uMHLATHUZE

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

36 RELATED PARTY TRANSACTIONS (continued)

36.3 COUNCILLORS

		BENEFIT	THIRD PARTY TRANSACTION
		R	R
Mthethwa	KN	183,549.00	-
Mthiyane	BM	183,549.00	-
Mthiyane	B	119,094.00	-
Mtshali	D	183,549.00	9,740.24
Myeni	MB	183,549.00	-
Ndlela	MWN	13,816.00	219.62
Ndwandwe	GB	183,549.00	-
Ngobese	ND	183,549.00	5,922.82
Nkwanyana	RZ	183,549.00	-
Ntanzi	PM	183,549.00	4,184.79
Ntetha	FF	183,549.00	4,050.89
Shandu	MF	183,549.00	-
Simmadhri	SS	183,549.00	-
Sukreben	K	183,549.00	-
Thusi	NT	183,549.00	-
Tshabalala	CN	183,549.00	-
van der Westhuizen	JC	183,549.00	-
van Huyssteen	RJ	183,549.00	-
Viljoen	A	183,549.00	-
Zulu	SM	183,549.00	-
Zulu	SH	183,549.00	-
Zulu	TL	183,549.00	-
		<b>14,016,382.00</b>	<b>232,799.29</b>

36.4 SCM EMPLOYEES

		BENEFIT	THIRD PARTY TRANSACTION
		R	R
van der Westhuizen	JD	571,090.94	7,745.23
de Jager	E	508,301.21	5,628.97
Singh	V	245,435.79	2,947.64
Kluckow	N	440,364.30	2,436.00
Angell-Schau	DL	251,107.86	3,539.71
Phahla	TN	491,585.48	33,967.23
Thusi	JS	450,628.41	-
Nzimande	SP	544,666.41	5,375.98
Francis	TE	258,711.14	2,980.68
Qulu	S	450,434.93	3,825.02
Masango	Z	599,330.63	3,795.26
Mashita	T	428,252.36	-
Ndawonde	Z	279,244.35	-
Thusini	PST	442,917.55	-
Makhubu	GG	231,554.21	-
Mthethwa	H	253,798.73	2,752.81
Madlala	TB	481,350.71	-
		<b>6,928,775.01</b>	<b>74,994.53</b>

**CITY OF UMHLATHUZE**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010**

**37 COMPARISON OF ACTUAL WITH BUDGET**

	<b>2010</b>		<b>2010</b>	<b>2010</b>	
	<b>ADJUSTED</b>				
<b>REVENUE</b>	<b>2010 ACTUAL</b>	<b>BUDGET</b>	<b>VARIANCE</b>	<b>VARIANCE (%)</b>	<b>Explanation of significant variance greater than 10% versus budget</b>
Property Rates	150,278,153	146,200,000	4,078,153	3	
Property Rates-Penalties Imposed And Collection Charges	1,628,428	1,400,000	228,428	16	Due to slight increase in rates outstanding the interest charges increased accordingly.
Service Charges	814,674,633	800,368,000	14,306,633	2	
Rental Of Facilities And Equipment	11,180,820	10,334,500	846,320	8	
Interest Earned-External Investments	3,844,950	1,799,600	2,045,350	114	Increased revenue on investments
Interest Earned-Outstanding Debtors	424,381	192,800	231,581	120	Conservative budget figure for interest, however revenue has reduced from previous year.
Fines	2,833,876	2,102,300	731,576	35	Greater emphasis on recovery of fines have contributed to increased revenue.
Licences And Permits	1,842,247	1,792,800	49,447	3	
Income For Agency Services	4,237,976	3,760,800	477,176	13	Increased revenue on vehicle licences.
Government Grants & Subsidies	236,022,744	183,438,700	52,584,044	29	Increased revenue due to grant funding for the stadium.
Public Contributions	175,374	-	175,374	-	
Other Income	113,376,799	31,568,100	81,808,699	259	Increased revenue on extension fees, reconnection fees, skills levies fees and sundry fees
Gains on Sale Of Land	56,578,934	622,000	55,956,934	8,996	Conservative budget figure due to non realisation of revenue for land sales in prior year.
Gains On Disposal Of Property, Plant and Equipment	1,163,608	-	1,163,608	-	
Inter-Departmental Charges	(90,878,639)	-	(90,878,639)	-	
<b>Total Revenue</b>	<b>1,307,384,284</b>	<b>1,183,579,600</b>	<b>123,804,684</b>	<b>10</b>	
<b>EXPENDITURE</b>					
Executive & Council	40,401,506	39,182,400	1,219,106	3	
Corporate Services	137,491,003	129,688,200	7,802,803	6	
Budget & Treasury Office	46,700,476	44,876,900	1,823,576	4	
Planning & Development	14,772,358	14,470,600	301,758	2	
Health	21,370,766	20,590,200	780,566	4	
Community & Social Services	52,246,787	53,512,300	(1,265,513)	(2)	
Housing	8,465,644	9,105,100	(639,456)	(7)	
Public Safety	63,220,386	61,663,700	1,556,686	3	
Sport & Recreation	94,095,248	94,180,700	(85,452)	(0)	
Waste Management	60,629,021	58,690,600	1,938,421	3	
Waste Water Management	129,205,381	80,761,900	48,443,481	60	Over expenditure on overtime, transport and depreciation.
Road Transport	164,169,589	111,266,800	52,902,789	48	Over expenditure on depreciation as result of prior period error and change in estimate
Water	281,692,876	229,543,400	52,149,476	23	Over expenditure on depreciation as result of prior period error and change in estimate
Electricity	708,824,234	703,145,300	5,678,934	1	
Other	132,453	139,500	(7,047)	(5)	
Inter-Departmental Charges	(400,874,973)	(351,051,200)	(49,823,773)	14	Interdepartmental charges reversal at year end.
<b>Total Expenditure</b>	<b>1,422,542,755</b>	<b>1,299,766,400</b>	<b>122,776,355</b>	<b>9</b>	
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>(115,158,471)</b>	<b>(116,186,800)</b>	<b>1,028,329</b>	<b>1</b>	



**APPENDIX A**

**CITY OF uMHLATHUZE : SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2010**

<b>EXTERNAL LOANS</b>	<b>Interest Rate</b>	<b>Loan Number</b>	<b>Redeemable</b>	<b>Balance at 30/06/2009</b>	<b>Received during the period</b>	<b>Redeemed/ written off during the period</b>	<b>Balance at 30/06/2010</b>	<b>Carrying Value Property, Plant &amp; Equipment R</b>	<b>Other costs in accordance with MFMA</b>
				<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>		
<b>LONG-TERM LOANS</b>									
Development Bank of SA	12.00%	10593	2018/03/31	5,713,556	-	381,263	5,332,293	763,387	
Development Bank of SA	12.00%	10594	2017/03/31	2,614,133	-	209,933	2,404,200	814,243	
Development Bank of SA	12.00%	10595	2017/03/31	9,814,867	-	788,202	9,026,665	-	
Development Bank of SA	12.00%	10596	2017/03/31	2,283,952	-	183,418	2,100,534	-	
Development Bank of SA	14.50%	10597	2018/03/31	7,179,891	-	427,949	6,751,942	1,646,167	
Development Bank of SA	12.00%	10600	2017/03/31	4,454,381	-	357,718	4,096,663	1,093,596	
Development Bank of SA	12.00%	10601	2017/03/31	2,647,584	-	212,619	2,434,965	81,687	
Development Bank of SA	12.00%	10602	2017/03/31	669,715	-	53,784	615,931	181,909	
				35,378,079	-	2,614,886	32,763,193	4,580,989	-
INCA	13.95%	UMHL	2019/06/30	13,306,999	-	738,920	12,568,079	10,696,002	
Development Bank of SA	16.16%	11665	2010/12/31	690,582	-	442,339	248,243	-	
Standard Bank	*1	357636	31/03/2015	69,219,294	-	8,407,849	60,811,445	62,009,865	
Nedbank	*2	05/7831	30/06/2016	69,534,511	-	7,878,473	61,656,038	27,967,893	
INCA	8.75%		28/06/2019	220,000,000	-	14,528,225	205,471,775	147,267,577	
Development Bank of SA	11.70%	103170	31/12/2018	238,110,832	-	14,758,374	223,352,458	196,602,278	
Development Bank of SA	6.75%	103494	30/06/2019	35,000,000	-	2,550,895	32,449,105	28,086,040	
Development Bank of SA	11.57%	103494	30/06/2019	100,000,000	-	5,733,056	94,266,944	80,245,828	
Nedbank	11.26%	05/7831/2	31/12/2019		188,000,000	4,874,355	183,125,645	173,533,126	
<b>TOTAL EXTERNAL LOANS</b>				<b>781,240,297</b>	<b>188,000,000</b>	<b>62,527,371</b>	<b>906,712,926</b>	<b>730,989,598</b>	<b>-</b>

\*1 = JIBAR plus 1.218%

\*2 = Prime less 3.249%

**APPENDIX B**

**CITY OF uMHLATHUZE : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2010**

	Cost/Revaluation					Accumulated Depreciation				Carrying Value	
	Opening Balance	Transfers	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals		Closing Balance
	R		R	R	R	R	R	R	R		R
Land	559,339,950	-	-	-	495,000	558,844,950	-	-	-	-	558,844,950
	559,339,950	-	-	-	495,000	558,844,950	-	-	-	-	558,844,950
Infrastructure											
Electricity	484,597,032	-	10,247,042	25,257,320	-	520,101,394	156,613,844	23,761,313	-	180,375,157	339,726,237
Roads	3,168,700,261	-	22,135,544	19,072,075	-	3,209,907,880	1,728,553,120	77,674,818	-	1,806,227,938	1,403,679,942
Sewerage	1,244,379,283	-	31,074,674	101,151	-	1,275,555,108	644,790,794	29,393,575	-	674,184,369	601,370,739
Water	3,920,271,776	-	68,978,478	46,189,877	-	4,035,440,131	2,728,520,000	87,990,836	-	2,816,510,836	1,218,929,295
Security Measures	14,499,629	-	115,578	288,222	-	14,903,429	1,407,202	2,744,877	-	4,152,079	10,751,350
Pedestrian Malls	21,007,389	-	671,719	-	-	21,679,108	14,949,517	911,070	-	15,860,587	5,818,521
Airport - Taxiways	360,591	-	-	-	-	360,591	163,452	17,783	-	181,235	179,357
	8,853,815,962	-	133,223,035	90,908,645	-	9,077,947,642	5,274,997,929	222,494,272	-	5,497,492,201	3,580,455,441
Community Assets											
Beach Development	32,142,326	-	(14,694)	164,655	-	32,292,287	7,439,316	1,131,192	-	8,570,508	23,721,778
Cemeteries	6,969,237	-	9,814,272	-	-	16,783,509	1,095,160	801,167	-	1,896,327	14,887,182
Clinics	229,414	-	23,800	-	-	253,214	45,367	11,788	-	57,155	196,059
Community Centres	8,133,044	-	2,555,547	1,100,702	-	11,789,293	4,546,847	514,475	-	5,061,322	6,727,971
Fire Stations	2,018,796	-	565,085	-	-	2,583,881	513,245	77,361	-	590,606	1,993,275
Land Main Investments	54,604,111	-	-	-	-	54,604,111	8,369,063	-	-	8,369,063	46,235,048
Libraries	9,725,324	-	3,785	-	-	9,729,109	5,167,897	369,211	-	5,537,108	4,192,001
Museum	2,221,571	-	-	-	-	2,221,571	812,391	109,557	-	921,948	1,299,623
Parks & Gardens	11,130,149	-	-	-	-	11,130,149	10,568,455	318,126	-	10,886,581	243,568
Public Conveniences	7,999,838	-	-	(4,880)	-	7,994,958	2,706,131	750,873	-	3,457,004	4,537,954
Recreation Facilities	48,456,636	-	2,916,497	98,213	-	51,471,346	16,531,944	2,297,891	-	18,829,835	32,641,511
Stadiums	28,778,782	-	56,466,566	-	-	85,245,348	133,562	289,601	-	423,163	84,822,186
	212,409,228	-	72,330,858	1,358,690	-	286,098,776	57,929,378	6,671,242	-	64,600,620	221,498,157

**APPENDIX B (continued)**

**CITY OF Umhlatuze : ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2010**

	Cost/Revaluation					Accumulated Depreciation				Carrying Value
	Opening Balance		Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals	
	R		R	R	R	R	R	R	R	R
Heritage Assets										
Painting & Art Galleries	49,502	-	-	-	-	49,502	-	-	-	-
	49,502	-	-	-	-	49,502	-	-	-	-
Other Assets										
Bins & Containers	4,832,401	-	-	-	-	4,832,401	2,067,735	511,362	-	2,579,097
Buildings	150,800,840	-	902,823	16,315,535	-	168,019,252	43,053,698	6,959,730	-	50,013,428
Emergency Equipment	133,923	-	171,638	-	-	305,561	56,624	22,210	-	78,834
Furniture & Fittings	8,778,781	8,894	417,580	-	-	9,205,255	4,333,026	1,105,499	-	5,438,525
Housing	62,433,342	-	192,632	10,855,837	-	73,481,810	10,389,446	5,535,457	-	15,924,903
Land Main Investments	68,452,619	-	-	-	-	68,452,620	50,093,252	-	-	50,093,252
Motor Vehicles	96,032,684	-	1,601,096	-	3,872,499	93,761,280	37,183,510	10,010,064	3,840,087	43,353,487
Office Equipment	19,990,867	-	465,897	-	-	20,456,764	10,876,995	3,455,720	-	14,332,715
Plant And Equipment	51,750,467	5,806	4,563,760	-	370,490	55,949,543	18,372,823	6,512,548	370,490	24,514,883
WaterCraft	352,552					352,552	39,340	23,503		62,843
	463,558,475	14,700	8,315,426	27,171,372	4,242,990	494,817,038	176,466,449	34,136,094	4,210,577	206,391,967
Total	10,089,173,117	14,700	213,869,319	119,438,707	4,737,990	10,417,757,908	5,509,393,756	263,301,607	4,210,577	5,768,484,787

**APPENDIX C**

**APPENDIX C**

**CITY OF uMHLATHUZE : SEGMENTAL ANYALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2010**

	Cost					Accumulated Depreciation				Carrying Value	
	Opening Balance	Transfers	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals		Closing Balance
	R		R	R	R	R	R	R	R		R
Budget & Treasury Office	1,580,703		-	-	-	1,580,703	1,174,538	136,339	-	1,310,877	269,825
Community & Social Services	224,558,019		13,307,010	16,603,757	-	254,468,786	76,834,849	9,878,153	-	86,713,002	167,755,784
Corporate Services	752,888,523		2,244,598	1,363,570	4,737,990	751,758,758	64,403,181	18,676,192	4,210,578	78,868,795	672,889,963
Electricity	459,418,797		10,320,762	25,257,320	-	494,996,879	139,623,534	22,868,968	-	162,492,502	332,504,377
Executive & Council	5,222,415		411,688	-	-	5,634,103	641,884	200,051	-	841,935	4,792,168
Health	934,304		-	-	-	934,304	659,317	74,060	-	733,377	200,927
Housing	62,433,342		192,632	10,855,837	-	73,481,810	10,389,446	5,535,457	-	15,924,903	57,556,907
Other	-	14,700	-	-	-	14,700	-	-	-	-	14,700
Planning & Development	5,214,036		-	-	-	5,214,036	4,434,326	66,293	-	4,500,619	713,417
Public Safety	27,477,481		673,434	69,154	-	28,220,069	9,528,523	1,908,363	-	11,436,886	16,783,183
Road Transport	3,177,308,713		22,989,267	19,002,921	-	3,219,300,901	1,759,742,153	76,662,926	-	1,836,405,079	1,382,895,822
Sport & Recreation	134,606,868		59,368,368	-	-	193,975,236	37,212,210	5,359,148	-	42,571,358	151,403,878
Waste Management	13,290,708		-	-	-	13,290,708	3,456,733	809,859	-	4,266,592	9,024,116
Waste Water Management	1,180,032,739		31,203,929	96,271	-	1,211,332,939	629,041,417	27,414,330	-	656,455,747	554,877,192
Water	4,044,206,472		73,157,632	46,189,877	-	4,163,553,981	2,772,251,644	93,711,471	-	2,865,963,119	1,297,590,862
Total	10,089,173,118	14,700	213,869,320	119,438,707	4,737,990	10,417,757,912	5,509,393,755	263,301,610	4,210,578	5,768,484,791	4,649,273,121

## APPENDIX D

### CITY OF uMHLATHUZE: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010

2009 Actual Income R	2009 Actual Expenditure R	2009 Surplus/(Deficit) R		2010 Actual Income R	2010 Actual Expenditure R	2010 Surplus/(Deficit) R
60,088	34,646,386	(34,586,298)	Executive & Council	275,649	40,401,506	(40,125,857)
22,855,171	136,284,997	(113,429,826)	Corporate Services	64,820,836	137,491,003	(72,670,167)
209,589,074	22,404,335	187,184,739	Budget & Treasury Office	242,875,976	46,700,476	196,175,500
1,094,759	17,303,216	(16,208,457)	Planning & Development	1,303,369	14,772,358	(13,468,989)
6,835,604	23,597,583	(16,761,979)	Health	5,757,495	21,370,766	(15,613,271)
4,568,533	53,157,780	(48,589,247)	Community & Social Services	4,280,063	52,246,787	(47,966,724)
7,910,890	8,268,725	(357,835)	Housing	10,125,071	8,465,644	1,659,427
4,910,603	62,555,381	(57,644,778)	Public Safety	4,077,977	63,220,386	(59,142,409)
10,572,961	93,733,737	(83,160,776)	Sport & Recreation	59,948,622	94,095,248	(34,146,626)
41,395,707	57,661,025	(16,265,318)	Waste Management	45,261,579	60,629,021	(15,367,442)
71,624,975	75,841,227	(4,216,252)	Waste Water Management	88,373,222	129,205,381	(40,832,159)
6,514,107	122,194,491	(115,680,384)	Road Transport	7,364,508	164,169,589	(156,805,081)
215,718,917	224,433,143	(8,714,226)	Water	234,859,287	281,692,876	(46,833,589)
487,597,697	542,706,815	(55,109,118)	Electricity	628,435,058	708,824,234	(80,389,176)
489,889	132,418	357,471	Other	504,212	132,453	371,759
1,091,738,975	1,474,921,259	(383,182,284)	Sub Total	1,398,262,924	1,823,417,728	(425,154,804)
(79,133,465)	(242,606,450)	163,472,985	Less: Inter- Dep Charges	(90,878,639)	(400,874,972)	309,996,333
<b>1,012,605,510</b>	<b>1,232,314,809</b>	<b>(219,709,299)</b>	<b>Total</b>	<b>1,307,384,285</b>	<b>1,422,542,756</b>	<b>(115,158,471)</b>

# APPENDIX E(1)

## CITY OF uMHLATHUZE : ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE) FOR THE YEAR ENDED 30 JUNE 2010

REVENUE	2010			2010 VARIANCE (%)	Explanation of significant variance greater than 10% versus budget
	2010 ACTUAL	ADJUSTED BUDGET	2010 VARIANCE		
Property Rates	150,278,153	146,200,000	4,078,153	3	
Property Rates-Penalties Imposed And Collection Charges	1,628,428	1,400,000	228,428	16	Due to slight increase in rates outstanding the interest charges increased accordingly.
Service Charges	814,674,633	800,368,000	14,306,633	2	
Rental Of Facilities And Equipment	11,180,820	10,334,500	846,320	8	
Interest Earned-External Investments	3,844,950	1,799,600	2,045,350	114	Increased revenue on investments
Interest Earned-Outstanding Debtors	424,381	192,800	231,581	120	Conservative budget figure for interest, however revenue has reduced from previous year.
Fines	2,833,876	2,102,300	731,576	35	Greater emphasis on recovery of fines have contributed to increased revenue.
Licences And Permits	1,842,247	1,792,800	49,447	3	
Income For Agency Services	4,237,976	3,760,800	477,176	13	Increased revenue on vehicle licences.
Government Grants & Subsidies	236,022,744	183,438,700	52,584,044	29	Increased revenue due to grant funding for the stadium.
Public Contributions	175,374	-	175,374	-	
Other Income	113,376,799	31,568,100	81,808,699	259	Increased revenue on extension fees, reconnection fees, skills levies fees and sundry fees
Gains on Sale Of Land	56,578,934	622,000	55,956,934	8,996	Conservative budget figure due to non realisation of revenue for land sales in prior year.
Gains On Disposal Of Property, Plant and Equipment	1,163,608	-	1,163,608	-	
Inter-Departmental Charges	(90,878,639)	-	(90,878,639)	-	
<b>Total Revenue</b>	<b>1,307,384,284</b>	<b>1,183,579,600</b>	<b>123,804,684</b>	<b>10</b>	
<b>EXPENDITURE</b>					
Executive & Council	40,401,506	39,182,400	1,219,106	3	
Corporate Services	137,491,003	129,688,200	7,802,803	6	
Budget & Treasury Office	46,700,476	44,876,900	1,823,576	4	
Planning & Development	14,772,358	14,470,600	301,758	2	
Health	21,370,766	20,590,200	780,566	4	
Community & Social Services	52,246,787	53,512,300	(1,265,513)	(2)	
Housing	8,465,644	9,105,100	(639,456)	(7)	
Public Safety	63,220,386	61,663,700	1,556,686	3	
Sport & Recreation	94,095,248	94,180,700	(85,452)	(0)	
Waste Management	60,629,021	58,690,600	1,938,421	3	
Waste Water Management	129,205,381	80,761,900	48,443,481	60	Over expenditure on overtime, transport and depreciation.
Road Transport	164,169,589	111,266,800	52,902,789	48	
Water	281,692,876	229,543,400	52,149,476	23	
Electricity	708,824,234	703,145,300	5,678,934	1	
Other	132,453	139,500	(7,047)	(5)	
Inter-Departmental Charges	(400,874,973)	(351,051,200)	(49,823,773)	14	Interdepartmental charges reversal at year end.
<b>Total Expenditure</b>	<b>1,422,542,755</b>	<b>1,299,766,400</b>	<b>122,776,355</b>	<b>9</b>	
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>(115,158,471)</b>	<b>(116,186,800)</b>	<b>1,028,329</b>	<b>1</b>	

**APPENDIX E(2)**

**CITY OF uMHLATHUZE : ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE YEAR ENDED 30 JUNE 2010**

	<u>2010 ACTUAL R</u>	<u>2010 UNDER CONSTRUCTION R</u>	<u>2010 TOTAL ADDITIONS R</u>	<u>2010 ADJUSTED BUDGET R</u>	<u>2010 VARIANCE R</u>	<u>2010 VARIANCE %</u>	<u>Explanation of significant variances greater than 5% versus budget (Explanations To Be Recorded)</u>
Budget & Treasury Office	-	-	-	-	-	-	
Community & Social Services	13,307,010	16,603,757	29,910,767	27,964,700	1,946,067	7	Over expenditure resulting from construction to city library and related borrowing costs capitalised.
Corporate Services	5,541,165	1,363,570	6,904,735	6,255,500	649,235	10	Savings incurred due to Mandlazini Agr Village. Marina Development, Central Industrial Area, CBD Extension South of Guldengracht being carry over projects to the 2010/2011 Financial Year.
Electricity	10,320,762	25,257,320	35,578,082	51,981,400	(16,403,318)	(32)	Savings realised on the Hercules Replacement of 11 KV Switchboard. 132KV Supply to Cygnus Substation, IDT Area-Ngwelezane, Phoenix supply to Alton Phase 1 have been carried over to the 2010/2011 financial year.
Executive & Council	411,688	-	411,688	550,000	(138,312)	(25)	Savings realised on Office Furniture.
Health	-	-	-	-	-	-	
Housing	192,632	10,855,837	11,048,468	8,600,000	2,448,468	28	Additional Expenditure incurred for the Esikhaleni Hostels.
Other	-	-	-	-	-	-	
Planning & Development	-	-	-	-	-	-	
Public Safety	673,434	69,154	742,587	944,100	(201,513)	(21)	Richards bay Taxi City has been identified as a carry over project to the 2010/2011 financial year. MR231 to Nseleni/N2 interchange for streetlighting as goods received note cancelled from the previous year.
Road Transport	22,989,267	19,002,921	41,992,188	46,575,365	(4,583,177)	(10)	Savings incurred as a result from the Main Road Doubling and the uMhlathuze Village bus route. East Central Arterial John Ross to Saligna has been carried over to 2010/2011 financial year.
Sport & Recreation	59,368,368	-	59,368,368	2,703,900	56,664,468	2,096	Stadium Phase 1 was completed and therefore handed over to the City of uMhlathuze by Uthungulu District Municipality.
Waste Management	-	-	-	-	-	-	
Waste Water Management	31,191,334	96,271	31,287,605	28,780,234	2,507,371	9	Mkhwanazi North sanitation overspent by R4,4m. Rural Sanitation overspent by R1,7m due to an outstanding claim from MIG.
Water	73,116,507	46,189,877	119,306,384	107,695,520	11,610,864	11	Rural water overspent by R1,5m due to outstanding claim from MIG. Rural Water Counter funding due to delays at the MIG National Office approving funds for the Madlebe Phase 3C, Council utilised Counter funding. Expenditure to be claimed back from MIG. However Council is awaiting MIG approval for the project and than the expenditure will be recovered.
<b>Total</b>	<b>217,112,166</b>	<b>119,438,707</b>	<b>336,550,873</b>	<b>282,050,719</b>	<b>54,500,154</b>	<b>19</b>	

**APPENDIX F**

**CITY OF uMHLATHUZE**

**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

**Grants and Subsidies Received**

Name of Grants	Name of organ of state	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies delayed/withheld					Reason for delay/ withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non-compliance
		Sept 2009	Dec 2009	Mar 2010	June 2010	Total 2009/2010 as per AFS	Sept 2009	Dec 2009	Mar 2010	June 2010	Total 2009/2010 as per AFS	Sept 2009	Dec 2009	Mar 2010	June 2010	Total 2009/2010 as per AFS			
Museum Subsidy	KZN - Dept of Education & Culture	-	-	76,198	-	76,198	211,708	198,026	213,413	419,519	1,042,666	-	-	-	-	-	None	Yes	
Primary Health Subsidy	KZN - Dept of Health	1,021,500	1,283,500	1,021,500	1,021,500	4,348,000	3,438,410	3,616,703	2,713,756	4,458,255	14,227,124	-	-	-	-	-	None	Yes	
Esikhawini Hostel Refurbishment	KZN - Dept of Housing	-	-	-	821,132	821,132	2,641,936	2,550,966	1,361,158	1,822,086	8,376,146	-	-	-	-	-	None	Yes	
Infrastructural Grants	KZN - Dept of Library Services	-	-	-	-	-	-	-	-	2,869	2,869	-	-	-	-	-	None	Yes	
Electrical costs - Libraries	KZN - Dept of Arts & Culture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	None	Yes	
Public Internet access - libraries	KZN - Dept of Arts & Culture	360,000	-	-	-	360,000	93,070	128,991	128,009	129,276	479,346	-	-	-	-	-	None	Yes	
Head Count Systems - Libraries	KZN - Dept of Arts & Culture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	None	Yes	
Community Development Workers Programme	KZN - Dept of Local Gov & Trad Affairs	-	-	-	-	-	-	-	1,272	9,170	10,442	-	-	-	-	-	None	Yes	



**APPENDIX F**

**CITY OF uMHLATHUZE**

**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 (continued)**

**Grants and Subsidies Received**

Name of Grants	Name of organ of state	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies delayed/withheld					Reason for delay/ withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non-compliance
		Sept 2009	Dec 2009	Mar 2010	June 2010	Total 2009/2010 as per AFS	Sept 2009	Dec 2009	Mar 2010	June 2010	Total 2009/2010 as per AFS	Sept 2009	Dec 2009	Mar 2010	June 2010	Total 2009/2010 as per AFS			
Remote Water Reading System	KZN - Dept of Local Gov & Trad Affairs	-	-	-	-	-	39,720	-	160,560	-	200,280	-	-	-	-	-	-	-	-
Technical Support Grant	KZN - Dept of Local Gov & Trad Affairs	-	-	-	-	-	-	154,367	64,913	206,089	425,370	-	-	-	-	-	-	-	-
Corridor Development	KZN - Dept of Co-Operative Governance and Traditional Affairs	-	-	-	1,000,000	-	-	-	-	135,160	135,160	-	-	-	-	-	-	-	-
Upgrade of Vulindlela Sports Facility	KZN - Dept of Sport & Recreation	-	-	-	-	-	-	-	-	4,006	4,006	-	-	-	-	-	None	Yes	-
Land Use Management	KZN - Dept of Local Gov & Trad Affairs	-	-	-	-	-	-	27,374	-	-	27,374	-	-	-	-	-	None	Yes	-
Refurbishment of Pumpstation Grant	Nat - Dept of Water Affairs	-	-	-	-	-	427,561	1,157,809	-	-	1,585,370	-	-	-	-	-	None	Yes	-
Institutional Support	Nat - Dept of Water Affairs	-	-	-	-	-	-	-	-	23,452	23,452	-	-	-	-	-	None	Yes	-
Institutional Support (Water conservation and demand management project)	Nat - Dept of Water Affairs	-	-	1,000,000	-	1,000,000	-	241	-	-	241	-	-	-	-	-	None	Yes	-
Cleanest Town Award	Nat - Dept of Water Affairs	-	-	500,000	-	500,000	-	-	-	27,709	27,709	-	-	-	-	-	None	Yes	-

**APPENDIX F**

**CITY OF uMHLATHUZE**

**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 (continued)**

**Grants and Subsidies Received**

Name of Grants	Name of organ of state	Quarterly Receipts					Quarterly Expenditure					Grants and Subsidies delayed/withheld					Reason for delay/ withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non-compliance
		Sept 2009	Dec 2009	Mar 2010	June 2010	Total 2009/2010 as per AFS	Sept 2009	Dec 2009	Mar 2010	June 2010	Total 2009/2010 as per AFS	Sept 2009	Dec 2009	Mar 2010	June 2010	Total 2009/2010 as per AFS			
Municipal Infrastructure Grant	National Treasury	15,600,000	14,025,000	4,263,000	36,560,000	70,448,000	18,368,096	11,397,684	1,856,758	14,318,409	45,940,948	-	-	-	-	-	None	Yes	
Financial Management Grant	National Treasury	750,000	-	-	-	750,000	495,929	323,418	356,784	366,599	1,542,730	-	-	-	-	-	None	Yes	
Restructuring Grant	National Treasury	-	-	-	-	-	31	19,200	157,789	59,853	236,873	-	-	-	-	-	None	Yes	
Municipal Systems Improvement Grant (MSG)	National Treasury	400,000	-	-	-	400,000	121,453	-	-	151,046	272,499	-	-	-	-	-	None	Yes	
Equitable Share	National Treasury	46,600,221	37,280,177	31,246,782	-	115,127,180	-	-	-	-	-	-	-	-	-	-	None	Yes	
Electrification	Nat - Dept of Minerals & Energy	-	-	3,950,000	-	3,950,000	-	-	-	(1,421,437)	(1,421,437)	-	-	-	-	-	None	Yes	
Management of Cemetry	uThungulu District Municipality	168,222	206,197	198,731	240,823	813,973	168,222	206,197	198,731	240,823	813,973	-	-	-	-	-	None	Yes	
Museum Subsidy	uThungulu District Municipality	-	-	-	-	-	-	-	5,707	-	5,707	-	-	-	-	-	None	Yes	
Capacity Building	uThungulu District Municipality	-	-	-	-	-	-	-	-	(3,675)	(3,675)	-	-	-	-	-	None	Yes	
Contribution to 2010 Stadium	uThungulu District Municipality	-	-	-	56,466,566	56,466,566	-	-	-	56,466,566	56,466,566	-	-	-	-	-	None	Yes	
Environmental Health Services	uThungulu District Municipality	-	-	1,319,418	-	1,319,418	1,995,239	1,570,947	1,751,193	1,932,660	7,250,040	-	-	-	-	-	None	Yes	